

Audited Financial Statements

Vista Meadows Academy

Dearborn Heights, Michigan

June 30, 2025

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Independent Auditors' Report

Board of Directors and Management
Vista Meadows Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vista Meadows Academy (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy, as of June 30, 2025, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and 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 the 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 the 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 the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, as identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025 on our consideration of the 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 the 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 the Academy's internal control over financial reporting and compliance.

Rochester, MI
October 28, 2025



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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors and Management of
Vista Meadows Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vista Meadows Academy (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Academy'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-001.

Vista Meadows Academy's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Rochester, MI

October 28, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

Vista Meadows Academy (“Academy”) is a grade 9 through grade 12 Public School Academy located in Dearborn Heights, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Vista Meadows Academy administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 9,608	\$ 9,608
Enrollment	85.97	87.81
General Fund Balance Increase/(Decrease)	\$ (94,385)	\$ (613)
General Fund Balance as Percent of Unrestricted State Aid Revenue	27%	36%

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

FUND FINANCIAL STATEMENTS

For the most part, the fund financial statements are comparable to general purpose financial statements reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financing source. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

The Academy has one kind of fund:

Governmental fund – Most of the Academy’s basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy’s programs. Because this information does not encompass the additional long-term focus of the academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

ACADEMY - WIDE FINANCIAL STATEMENTS

The Academy-wide financial statements are maintained using the “full accrual” basis. They report all of the Academy’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1 Organization of Vista Meadows Academy Annual Financial Report

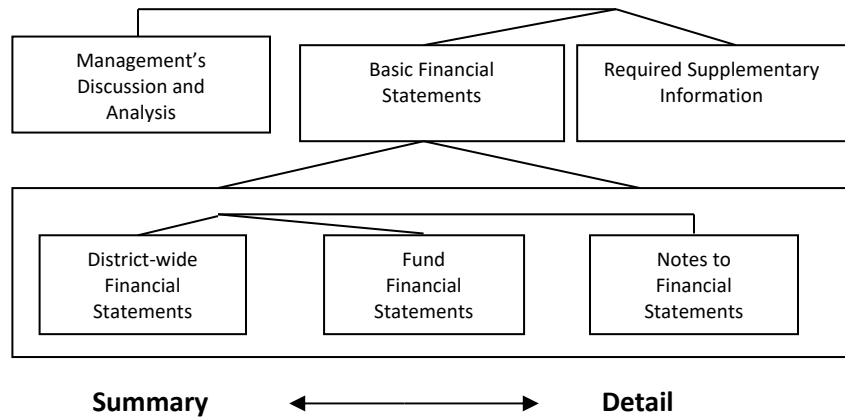


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A – 2 Major Features of the Academy-Wide and Fund Financial Statements

	Academy-wide statements	Fund Financial Statements
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$ 299,941	\$ 394,326
Total General Fund Revenue	\$ 1,345,104	\$ 1,436,927
State Aid Foundation Allowance as percent of Academy Revenues	82%	76%
Total Cost of Instructional Programs	\$ 611,361	\$ 723,156
Instructional Expenditures as percent of Total Expenditures	42%	50%
Total Cost of Support/Operational Services	\$ 828,128	\$ 714,384
Support/Operational Services as percent of Total Expenditures	58%	50%
Total Expenditures transferred to Debt Service	\$ -	\$ -
Transfer to Debt Service as percent of Total Expenditures	0%	0%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position

The following summarizes the net position at fiscal year ended June 30, 2025 and 2024:

Table 3 - Net Position Detail

	2025	2024
Assets		
Current Assets	\$ 456,377	\$ 671,074
Capital Assets	1,055,382	138,020
Less: Accumulated Depreciation	(238,200)	(131,465)
Capital Assets, Net Book Value	817,182	6,555
Total Assets	<u>\$ 1,273,559</u>	<u>\$ 677,629</u>
Liabilities		
Current Liabilities	\$ 241,238	\$ 261,427
Long-term Liabilities	726,318	-
Total Liabilities	<u>\$ 967,556</u>	<u>\$ 261,427</u>
Net Position		
Net Investment in Capital Assets	\$ (12,276)	\$ 3,171
Restricted	18,338	18,705
Unrestricted	299,941	394,326
Total Net Position	<u>\$ 306,003</u>	<u>\$ 416,202</u>

Results of Operations

For the fiscal year ended June 30, 2025 and 2024, the Academy-wide results of operations were:

Table 4 - Change in Net Position

	2025		2024	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	\$ 903,697	64.68%	\$ 923,135	61.38%
Other	9,957	0.71%	9,318	0.62%
Total General Revenue	913,654	65.39%	932,453	62.00%
Program Revenue:				
Charges for Services	1,640	0.12%	2,794	0.19%
Operating Grants - Federal and State	481,961	34.49%	568,725	37.81%
Total Program Revenue	483,601	34.61%	571,519	38.00%
Total Revenue	1,397,255	100.00%	1,503,972	100.00%
Expenses:				
Instruction and Instructional Services	611,361	40.55%	723,156	48.24%
Support Services	685,455	45.47%	617,215	41.18%
Food Service	51,018	3.38%	62,428	4.17%
Unallocated Depreciation / Amortization	123,295	8.18%	93,135	6.21%
Interest on Long-term Debt	36,325	2.41%	2,845	0.19%
Total Expenses	1,507,454	100.00%	1,498,779	100.00%
Change in Net Position	<u>\$ (110,199)</u>		<u>\$ 5,193</u>	

During the fiscal year ended June 30, 2025, the Academy's net position decreased by \$94,385 as compared to a net increase of \$5,193 in the prior fiscal year.

State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. The Vista Meadows Academy foundation allowance was \$9,680.
- Student Enrollment: The Academy's student enrollment for the fall count of 2024-25 was 86 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.
- Total Section 25 adjustment was 0.43 FTE or \$4,141.
- Additional federal funding was available during the 2024-25 fiscal year to supplement programs. This funding is expected to be available again in fiscal year 2025-26.

Subsequent to year end June 30, 2025, preliminary student enrollments for 2025-26 indicate that the 2025 fall student enrollment should remain at 2024-25 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget twice.

Changes were made in the second and fourth quarters to account for changes in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy’s expenditures from General Fund operations exceeded revenues by \$94,385 for the fiscal year ended June 30, 2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy’s investment in capital assets net of depreciation and amortization by \$810,627 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning		Ending	
	Balance 6/30/24	Additions	Disposals	Balance 6/30/25
Right to use assets	\$ 16,560	\$ 933,922	\$ (16,560)	\$ 933,922
Computers and Software	72,072	-	-	72,072
Furniture and Equipment	49,388	-	-	49,388
Less: Accumulated Depreciation / Amortization	131,465	123,295	(16,560)	238,200
Capital Assets, net	\$ 6,555	\$ 810,627	\$ -	\$ 817,182

Depreciation/Amortization Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization expense is a reduction in net position in the entity-wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy’s financial statements. For fiscal year ended June 30, 2025, the net increase in accumulated depreciation/amortization was \$123,295.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset, less an estimated salvage value.

Debt, Principal Payments

Table 6 - Debt, Principal Payments

	Balance 6/30/2024	New Financing	Principal Payments	Balance 6/30/2025
Direct borrowing - equipment	\$ 3,384	\$ -	\$ 3,384	\$ -
Direct borrowing - building	-	933,922	104,464	829,458
Total Long-term Obligations	\$ 3,384	\$ 933,922	\$ 107,848	\$ 829,458

ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2025-26 Fiscal Year was adopted by the Board of Directors in June 2025. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2025-26 budget preparation process include:

- A small increase in foundation allowance of \$18 per pupil was budgeted. The actual 2025-26 Foundation Allowance is \$10,050 per pupil, which is a \$68 increase.
- Continued approach to budgeting enrollment conservatively with 100 students.
- Continued improvement of academic achievement through improvements in academic programs.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties, we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors 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 or need additional information, contact the Academy's office at 20651 West Warren St, Dearborn Heights MI 48127.

VISTA MEADOWS ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 152,124
Due from other governmental units	249,590
Prepaid expenses	<u>54,663</u>
Total current assets	456,377

Capital Assets - Net of Accumulated Depreciation / Amortization

817,182

Total assets	<u><u>\$ 1,273,559</u></u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 32,848
Other accrued liabilities	105,250
Long-term debt - current portion	<u>103,140</u>
Total current liabilities	241,238

Long-Term Debt - Long-Term Portion

726,318

Net Position

Net investment in capital assets	(12,276)
Restricted	18,338
Unrestricted	<u>299,941</u>
Total net position	<u>306,003</u>
Total liabilities and net position	<u><u>\$ 1,273,559</u></u>

See accompanying notes to financial statements

VISTA MEADOWS ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

		Revenues	Program Revenues	Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 399,065	\$ -	\$ 46,400	\$ (352,665)
Added needs	212,296	-	205,139	(7,157)
Support services				
Pupil support services	186,928	-	117,058	(69,870)
Instructional staff support services	7,415	-	3,375	(4,040)
General administration	163,528	-	-	(163,528)
School administration	187,235	-	-	(187,235)
Business support services	405	-	-	(405)
Operations and maintenance	83,323	-	27,615	(55,708)
Central support services	55,121	-	31,863	(23,258)
Other student activities	1,500	1,640	-	140
Food services	51,018	-	50,511	(507)
Unallocated depreciation / amortization	123,295	-	-	(123,295)
Unallocated interest	36,325	-	-	(36,325)
	<u>\$ 1,507,454</u>	<u>\$ 1,640</u>	<u>\$ 481,961</u>	<u>(1,023,853)</u>
Total primary government				
General Purpose Revenues				
State school aid - unrestricted				903,697
Miscellaneous revenues				9,957
				<u>913,654</u>
Total general purpose revenues				
				(110,199)
Change in net position				
Net position - July 1, 2024				416,202
Net position - June 30, 2025				<u>\$ 306,003</u>

See accompanying notes to financial statements

VISTA MEADOWS ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2025

ASSETS

	<u>General</u>	<u>Non-Major</u>	<u>Total</u>
Cash and cash equivalents	\$ 149,796	\$ 2,328	\$ 152,124
Due from other governmental units	249,590	-	249,590
Due from other funds	-	16,234	16,234
Prepaid expenses	<u>54,663</u>	<u>-</u>	<u>54,663</u>
Total assets	<u><u>\$ 454,049</u></u>	<u><u>\$ 18,562</u></u>	<u><u>\$ 472,611</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 32,848	\$ -	\$ 32,848
Due to other funds	16,010	224	16,234
Other accrued liabilities	<u>105,250</u>	<u>-</u>	<u>105,250</u>
Total liabilities	154,108	224	154,332

Fund Balance

Nonspendable	54,663	-	54,663
Restricted	-	18,338	18,338
Unassigned	<u>245,278</u>	<u>-</u>	<u>245,278</u>
Total fund balance	<u>299,941</u>	<u>18,338</u>	<u>318,279</u>
Total liabilities and fund balance	<u><u>\$ 454,049</u></u>	<u><u>\$ 18,562</u></u>	<u><u>\$ 472,611</u></u>

See accompanying notes to financial statements

VISTA MEADOWS ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2025

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

Total Governmental Fund Balances	\$ 318,279
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,055,382 and the accumulated depreciation / amortization is \$238,200.	817,182
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(829,458)</u>
Net Position of Governmental Activities	<u>\$ 306,003</u>

See accompanying notes to financial statements

VISTA MEADOWS ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	<u>General</u>	<u>Non-Major</u>	<u>Total</u>
Revenues			
Local sources	\$ 9,957	\$ 1,640	\$ 11,597
State sources	1,101,203	1,428	1,102,631
Federal sources	193,479	49,083	242,562
Interdistrict sources	<u>40,465</u>	<u>-</u>	<u>40,465</u>
 Total governmental fund revenues	 1,345,104	 52,151	 1,397,255
Expenditures			
Instruction			
Basic programs	399,065	-	399,065
Added needs	212,296	-	212,296
Support services			
Pupil support services	186,928	-	186,928
Instructional staff support services	7,415	-	7,415
General administration	163,528	-	163,528
School administration	187,235	-	187,235
Business support services	405	-	405
Operations and maintenance	83,323	-	83,323
Central support services	55,121	-	55,121
Other student activities	-	1,500	1,500
Food services	-	51,018	51,018
Capital outlay	933,922	-	933,922
Debt principal and interest	<u>144,173</u>	<u>-</u>	<u>144,173</u>
 Total governmental fund expenditures	 <u>2,373,411</u>	 <u>52,518</u>	 <u>2,425,929</u>
 Excess (deficiency) of revenues over expenditures	 (1,028,307)	 (367)	 (1,028,674)
Other Financing Sources (Uses)			
Lease issued	<u>933,922</u>	<u>-</u>	<u>933,922</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	 (94,385)	 (367)	 (94,752)
 Fund balance - July 1, 2024	 <u>394,326</u>	 <u>18,705</u>	 <u>413,031</u>
 Fund balance - June 30, 2025	 <u>\$ 299,941</u>	 <u>\$ 18,338</u>	 <u>\$ 318,279</u>

See accompanying notes to financial statements

VISTA MEADOWS ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

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

Net Change in Fund Balances - Total Governmental Funds	\$	(94,752)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$	933,922	
Depreciation and amortization expense		<u>(123,295)</u>	810,627

The governmental funds report long term debt proceeds or leases issued as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long term debt obligations is as follows:

Lease issued	\$	(933,922)	
Repayment of loan principal		<u>107,848</u>	<u>(826,074)</u>

Change in Net Position of Governmental Activities	\$	<u>(110,199)</u>
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VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Vista Meadows Academy (the “Academy”) conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

Vista Meadows Academy was formed as a public-school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on July 24, 2007, and began operation in July 2008.

In July 2020, the Academy extended a contract with Bay Mills Community College Board of Trustees to charter a public-school academy through June 30, 2024. The contract was extended an additional eight years through June 30, 2032. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The College’s Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays Bay Mills Community College Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2025 were approximately \$32,000.

In July 2020, the Academy extended a contract with CS Partners “CSP” through June 30, 2024. The agreement was updated to run coterminous with the authorizer agreement. Under the terms of this agreement, CSP provides a variety of management services including the support of the Academy’s instructional and operational systems, as well as human resource functions. The Academy is obligated to pay CSP ten percent of its applicable revenues from state aid payments. Total administrative fees paid for these services amounted to approximately \$86,000 for the year ended June 30, 2025.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public-school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in a report, into generic fund types in two broad fund categories.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

A governmental fund is a fund through which most Academy functions typically are operated. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through a governmental fund.

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

Special Revenue Fund (Food Services) - The special revenue fund, which the Academy does not currently maintain, is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the food services fund will be covered by an operating transfer from the general fund.

Special Revenue Fund (Student Activities) - The Academy presently maintains an activity fund to record the transactions of student groups for school and school-related purposes. The student activity fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the student activity fund will be covered by an operating transfer from the general fund.

Governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. 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 collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held no investments during the year ended June 30, 2025. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables

Due from other governmental units at June 30, 2025 consist primarily of state school aid due from the State of Michigan and grants from the federal government. All receivables were fully collected in July and August of 2025 and are considered measurable and available for the purposes of these financial statements.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year or an initial cost under \$5,000. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land or construction in process, when applicable, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

Net position is displayed in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by any outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of Net investment in capital assets or Restricted.

Fund Balance

The Academy adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- b. *Committed fund balance* – amounts that can only be used for specific purposes pursuant to specific purposes imposed by formal action of the Academy's highest level of decision-making authority, the Board. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that include the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

Leases

Leases and Subscription Based IT Arrangements (SBITA)

At the commencement of a lease/subscription, the Academy initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases included how the Academy determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

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

Implemented and Upcoming Accounting Pronouncements

The Academy implemented the following GASB pronouncements during the school year: GASB Statement No. 101, Compensated Absences and GASB Statement No. 102, Certain Risk Disclosures. These pronouncements did not impact the financial statements during the current school year.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- 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.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued 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. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2025, the budget was amended in a legally permissible manner. Page 19 of these financial statements compares the actual expenditures against amounts appropriated.

NOTE 3 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, the Academy held no investments.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2025, the Academy held no investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2025, all of the Academy's cash was fully covered by federal deposit insurance. All cash balances were uncollateralized as of June 30, 2025.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business. As of June 30, 2025, the Academy held no investments.

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

The Academy does not have any investments that are subject to fair value measurement.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 191,584
Federal sources	<u>58,006</u>
Total	<u><u>\$ 249,590</u></u>

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets subject to depreciation / amortization				
Right to use - equipment	\$ 16,560	\$ -	\$ 16,560	\$ -
Right to use - building	-	933,922	-	933,922
Equipment	<u>121,460</u>	<u>-</u>	<u>-</u>	<u>121,460</u>
Sub-total	138,020	933,922	16,560	1,055,382
Accumulated depreciation				
Right to use - equipment	10,005	6,555	16,560	-
Right to use - building	-	116,740	-	116,740
Equipment	<u>121,460</u>	<u>-</u>	<u>-</u>	<u>121,460</u>
Sub-total	<u>131,465</u>	<u>123,295</u>	<u>16,560</u>	<u>238,200</u>
Total net capital assets	<u><u>\$ 6,555</u></u>	<u><u>\$ 810,627</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 817,182</u></u>

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - CAPITAL ASSETS – Continued

Depreciation and amortization expense is reported as unallocated in the Statement of Activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

Purchased services	\$	99,483
University oversight fee		5,767
Total other accrued liabilities	\$	105,250

NOTE 7 –LONG-TERM OBLIGATIONS

Long-term obligations as of June 30, 2025 can be summarized as follows:

Loan Information

	Interest Rate	Maturity Date	Other
Direct borrowing - equipment	4.50%	January, 2025	Monthly payment of \$491 including interest
Direct borrowing - building	4.50%	June, 2032	Monthly payment of \$9,253 including interest

Loan Activity

	Balance July 1, 2024	Additions	Retirements and Payments	Balance June 30, 2025	Due Within One Year
Direct borrowing - equipment	\$ 3,384	\$ -	\$ 3,384	\$ -	\$ -
Direct borrowing - building	-	933,922	104,464	829,458	103,140
	<u>\$ 3,384</u>	<u>\$ 933,922</u>	<u>\$ 107,848</u>	<u>\$ 829,458</u>	<u>\$ 103,140</u>

VISTA MEADOWS ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 –LONG-TERM OBLIGATIONS – Continued

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2026	\$ 103,140	\$ 35,216
2027	107,878	30,477
2028	112,834	25,522
2029	118,017	20,338
2030	123,439	14,916
2031 - 2032	264,150	12,560

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

VISTA MEADOWS ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 1,000	\$ 500	\$ 9,957	\$ 9,457
State sources	1,097,052	1,089,850	1,101,203	11,353
Federal sources	130,855	210,809	193,479	(17,330)
Interdistrict sources	<u>41,600</u>	<u>39,100</u>	<u>40,465</u>	<u>1,365</u>
Total general fund revenues	1,270,507	1,340,259	1,345,104	4,845
Expenditures				
Instruction				
Basic programs	349,740	417,456	399,065	(18,391)
Added needs	247,623	216,010	212,296	(3,714)
Support services				
Pupil support services	174,081	187,118	186,928	(190)
Instructional staff support services	8,162	7,475	7,415	(60)
General administration	151,574	169,312	163,528	(5,784)
School administration	159,817	186,263	187,235	972
Business support services	400	400	405	5
Operations and maintenance	53,366	79,624	83,323	3,699
Pupil transportation services	700	700	-	(700)
Central support services	24,544	56,664	55,121	(1,543)
Community services	500	500	-	(500)
Capital outlay	-	-	933,922	933,922
Debt principal and interest	<u>100,000</u>	<u>165,500</u>	<u>144,173</u>	<u>(21,327)</u>
Total general fund expenditures	<u>1,270,507</u>	<u>1,487,022</u>	<u>2,373,411</u>	<u>886,389</u>
Excess (deficiency) of revenues over expenditures	-	(146,763)	(1,028,307)	(881,544)
Other Financing Sources (Uses)				
Lease issued	<u>-</u>	<u>-</u>	<u>933,922</u>	<u>933,922</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(146,763)	(94,385)	52,378
Fund balance - July 1, 2024	<u>394,326</u>	<u>394,326</u>	<u>394,326</u>	<u>-</u>
Fund balance - June 30, 2025	<u>\$ 394,326</u>	<u>\$ 247,563</u>	<u>\$ 299,941</u>	<u>\$ 52,378</u>

SUPPLEMENTARY INFORMATION

VISTA MEADOWS ACADEMY

COMBINED BALANCE SHEET – NON-MAJOR FUNDS JUNE 30, 2025

ASSETS

	<u>Special Revenue</u>		
	<u>Food Services</u>	<u>Student Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ 2,328	\$ 2,328
Due from other funds	16,234	-	16,234
Total assets	<u>\$ 16,234</u>	<u>\$ 2,328</u>	<u>\$ 18,562</u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	\$ -	\$ 224	\$ 224
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Fund Balance

Restricted	16,234	2,104	18,338
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Total liabilities and fund balance	<u>\$ 16,234</u>	<u>\$ 2,328</u>	<u>\$ 18,562</u>
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VISTA MEADOWS ACADEMY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue		
	Food Services	Student Activities	Total
Revenues			
Local sources	\$ -	\$ 1,640	\$ 1,640
State sources	1,428	-	1,428
Federal sources	49,083	-	49,083
Total governmental fund revenues	50,511	1,640	52,151
Expenditures			
Support services			
Other student activities	-	1,500	1,500
Food services	51,018	-	51,018
Total governmental fund expenditures	51,018	1,500	52,518
Excess (deficiency) of revenues over expenditures	(507)	140	(367)
Fund balance - July 1, 2024	16,741	1,964	18,705
Fund balance - June 30, 2025	\$ 16,234	\$ 2,104	\$ 18,338

VISTA MEADOWS ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

Local Sources

Earnings on investments	\$ 10
Other local revenues	<u>9,947</u>
Total local sources	9,957

State Sources

At risk	138,075
Special education	59,431
State aid	<u>903,697</u>
Total state sources	1,101,203

Federal Sources

IDEA	46,746
Title I	66,557
Title II A	4,857
Title IV	10,000
Other program revenue	<u>65,319</u>
Total federal sources	193,479

Interdistrict Sources

	<u>40,465</u>
Total general fund revenues	<u><u>\$ 1,345,104</u></u>

VISTA MEADOWS ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

Basic Programs

Purchased services	\$ 379,803
Rentals	5,988
Supplies and materials	2,843
Other expenditures	<u>10,431</u>

Total basic programs 399,065

Added Needs

Purchased services	212,296
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Pupil Support Services

Guidance services	83,018
Health services	1,567
Psychological services	9,627
Speech pathology and audiology	9,679
Social work services	<u>83,037</u>

Total pupil support services 186,928

Instructional Staff Support Services

Purchased services	7,415
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General Administration

Purchased services	159,731
Other expenditures	<u>3,797</u>

Total general administration 163,528

School Administration

Purchased services	176,193
Supplies and materials	2,079
Other expenditures	<u>8,963</u>

Total school administration 187,235

VISTA MEADOWS ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2025

Business Support Services

Other expenditures	405
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Operations and Maintenance

Purchased services	82,185
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Repairs and maintenance	1,033
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Other expenditures	<u>105</u>
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Total operations and maintenance	83,323
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Central Support Services

Purchased services	19,914
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Supplies and materials	<u>35,207</u>
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Total central support services	55,121
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Capital Outlay

933,922

Debt Principal and Interest

<u>144,173</u>

Total general fund expenditures	<u><u>\$ 2,373,411</u></u>
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VISTA MEADOWS ACADEMY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS

Reference Number

Findings

2025-001

Finding Type – Noncompliance

Criteria – The Michigan Public School Accounting Manual, Section IV, indicates that, when used appropriately, a budget provides the school board and administration with the ability to control and evaluate the use of the Academy's funds.

Condition – Actual expenditures exceeded budgeted amounts by \$832,608.

Cause – The budget was amended during the year as required by State statute. The State statute also requires total expenditures reported in the budget to correspond to the total expenditures reported in the Statement of Revenue, Expenditures and Changes in Fund Balance. The actual amounts reported as total expenditures included capital outlay due to a lease entered in the year which had a corresponding debt (other financing source) due to the adoption of the GASB Statement 87 transaction. Accordingly, as the final amended budgeted amounts did not include the non-monetary GASB 87 transaction for capital outlay expenditure, total expenditures exceeded amounts budgeted for total expenditures. There was no net impact on fund balance due to other financing source being reported as required by GASB 87.

Effect – Although there is no impact to fund balance, the overage of total expenditures in the Statement of Revenue, Expenditures and Changes in Fund Balance to the approved final budget is considered a compliance issue and is required to be reported to the State.

Recommendation – The Academy should fully review actual and anticipated revenues and expenditures and in response amend the budget accordingly in order to comply with state law and GASB pronouncements.

Auditee Response – Actual expenditures differed from the budget as a result of entries resulting from the adoption of a statement GASB 87 transaction. There was no fund balance effect as the proceeds from this transaction were also included, however are shown as an other financing source and not a traditional revenue or expenditure. The Academy has reviewed and revised its accounting procedures to ensure actual results are properly and timely reviewed resulting in budget amendments throughout the year as well as understanding how the accounting pronouncements will affect the budget process.