VISTA MEADOWS ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vista Meadows Academy

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of Vista Meadows Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Vista Meadows Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and aggregate remaining fund information of Vista Meadows Academy, as of June 30, 2026, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vista Meadows 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 Vista Meadows Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vista Meadows 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 Vista Meadows Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vista Meadows Academy's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the additional 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 September 8, 2026 on our consideration of Vista Meadows 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 Vista Meadows 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 Vista Meadows Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
September 8, 2026

VISTA MEADOWS ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

If you have any questions about this report or need any additional information, please contact the Academy at 20651 West Warren Street, Dearborn Heights, Michigan, 48127.

OVERVIEW OF THE FINANCIAL STATEMENTS

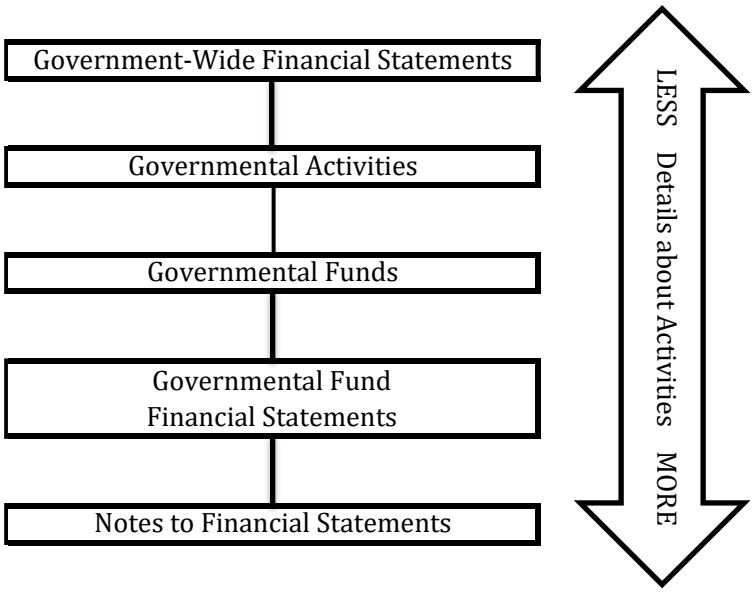
The Academy's financial report contains basic financial statements. Those financial statements present the Academy's finances at both an overall and a detailed level. The first two - the *Government-wide Financial Statements* - cover the Academy's governmental activities. (See the diagram in Figure A-1.)

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

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

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

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



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

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

ANALYSIS OF THE ACADEMY'S FINANCES

Table A-1
Vista Meadows Academy's Net Position

	2026	2025*	Dollar Change	Total Percentage Change
ASSETS				
Current assets	$ 374,023	$ 456,377	$ (82,354)	-18.0%
Capital assets	700,442	817,182	(116,740)	-14.3%
TOTAL ASSETS	1,074,465	1,273,559	(199,094)	-15.6%
LIABILITIES				
Current liabilities	132,187	138,098	(5,911)	-4.3%
Noncurrent liabilities	726,318	829,458	(103,140)	-12.4%
TOTAL LIABILITIES	858,505	967,556	(109,051)	-11.3%
NET POSITION				
Net investment in capital assets	(25,876)	(12,276)	(13,600)	110.8%
Restricted for food service	18,166	16,234	1,932	11.9%
Unrestricted	223,670	302,045	(78,375)	-25.9%
TOTAL NET POSITION	$ 215,960	$ 306,003	$ (90,043)	-29.4%

*Certain amounts in the prior year figures have been reclassified.

Table A-1 shows that as of June 30, 2026, the Academy's total net position - assets minus liabilities - was $215,960, a decrease of $90,043 or 29.4% compared with 2025. This decrease is primarily due to a $78,375 or 25.9% decrease in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

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

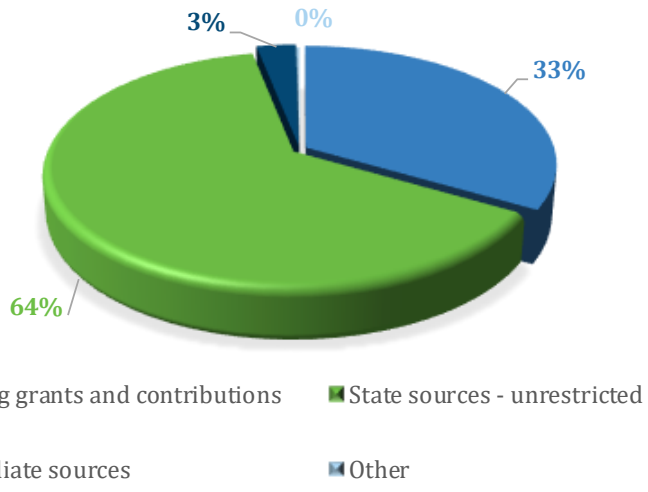
1. Decrease in operating grants and contributions
2. Decrease in state revenue
3. Decrease in expenses

Table A-2
Changes in Vista Meadows Academy's Net Position

	2026	2025*	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Operating grants and contributions	$ 399,855	$ 481,526	$ (81,671)	-17.0%
General revenues				
State sources - unrestricted	761,487	865,307	(103,820)	-12.0%
Intermediate sources	35,175	40,465	(5,290)	-13.1%
Other	2,350	9,957	(7,607)	-76.4%
TOTAL REVENUES	1,198,867	1,397,255	(198,388)	-14.2%
EXPENSES				
Instruction	535,831	611,361	(75,530)	-12.4%
Support services	596,233	683,955	(87,722)	-12.8%
Student/school activities	1,689	1,500	189	12.6%
Food service	27,565	51,018	(23,453)	-46.0%
Interest and fees	10,852	36,325	(25,473)	-70.1%
Unallocated depreciation/amortization	116,740	123,295	(6,555)	-5.3%
TOTAL EXPENSES	1,288,910	1,507,454	(218,544)	-14.5%
Change in net position	(90,043)	(110,199)	20,156	-18.3%
Net position - beginning of year	306,003	416,202	(110,199)	-26.5%
Net position - end of year	$ 215,960	$ 306,003	$ (90,043)	-29.4%

*Certain amounts in the prior year figures have been reclassified.

Current Year Revenues by Type



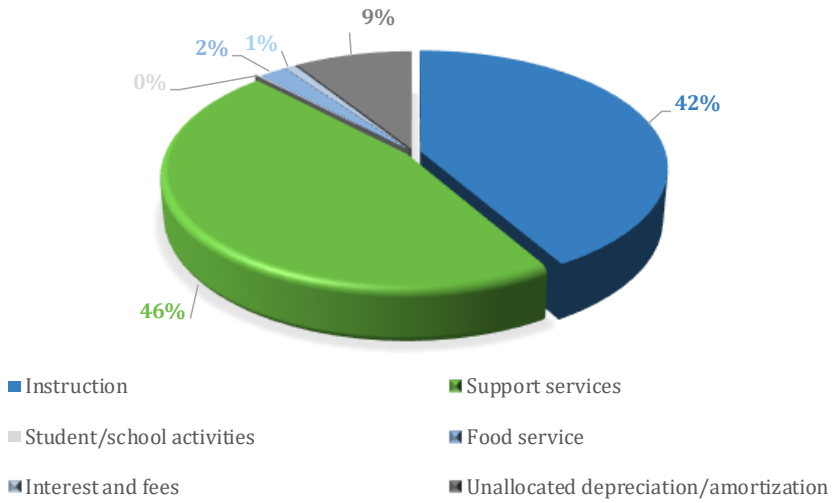
Decline in Operating Grants and Contributions

There were notable decreases in operating grants and contributions compared to the prior year, which accounts for 33.4% of overall revenues. Most of the decrease is attributed to fully utilizing the remaining ESSER III funding in the amount of $62,712 in the prior year.

Decline in State Sources

State sources declined in the current year compared to the prior year, which accounts for 63.5% of overall revenues. State sources is a product of student counts multiplied by the foundation allowance. The foundation allowance increased by $442 per pupil in 2026, however this was offset by a student enrollment decrease. The drop in the student count more than offset the increase in the foundation allowance.

Current Year Expenses by Type



Decline in Expenses

Total expenses for the Academy dropped by 14.5% overall. The reduction was mostly due to a decrease in purchased services in the current year due to the drop in student enrollment previously mentioned.

GOVERNMENTAL FUNDS

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

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

	General Fund	
	2026	2025
REVENUES	$ 1,168,270	$ 1,345,104
EXPENDITURES	1,246,056	2,373,411
Excess (deficiency) of revenues over (under) expenditures	(77,786)	(1,028,307)
OTHER FINANCING SOURCES (USES)		
Proceeds from leases	-	933,922
Net change in fund balance	(77,786)	(94,385)
Fund balance - beginning of year	299,941	394,326
Fund balance - end of year	$ 222,155	$ 299,941

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

General Fund

The fund balance of the Academy's general fund decreased by 25.9%. The decline in fund balance is attributable to (1) a decline in revenues (previously discussed) and (2) smaller reduction in expenditures due to the decline in student enrollment.

The overall fund balance at the end of June 30, 2026 represented approximately 17.8% of operating expenditures. The Academy aims to have a minimum fund balance of 10% of operating expenditures. Within fund balance, approximately 79.1% of the balance is considered unassigned. The remaining 20.9% is considered nonspendable and is not readily available for use.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- decreased 14.3% compared to 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Vista Meadows Academy's Capital Assets

	2026			2025	
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value	Total Percentage Change
Equipment	$ 117,085	$ 117,085	$ -	$ -	0.0%
Right-to-use - building	933,922	233,480	700,442	817,182	-14.3%
Total	$ 1,051,007	$ 350,565	$ 700,442	$ 817,182	-14.3%

A significant reason for the decrease in the net capital assets relates to the right-to-use building category. During 2026 the Academy had another full year of depreciation on their building lease. Due to the depreciation during the year and there being no capital asset additions, this resulted in a net decrease in capital assets.

Long-term Obligations

Overall the carrying value of the Academy's long-term obligations decreased by 12.4% from the prior year. See Table A-5 for the carrying value of the Academy's long-term obligations.

Table A-5
Vista Meadows Academy's
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
Notes from direct borrowings and direct placements	$ 726,318	$ 829,458	-12.4%

During 2026 the Academy made another year's worth of payments on their building lease. This is the primary reason for the decrease in notes from direct borrowings. The total amount of principal paid in the current year was $103,140.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- Adjusted staffing levels to match enrollment to prevent overstaffing while maintaining instructional quality.
- Utility prices and increased employer-sponsored healthcare premiums are ever increasing pressures on operating costs.
- Transitioning to a new food service provider has reduced meal costs.
- The Academy has adopted a general fund budget for 2026/2027 in which revenues exceed expenditures by $3,888.

BASIC FINANCIAL STATEMENTS

VISTA MEADOWS ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 121,712
Intergovernmental receivable	204,316
Accounts receivable	1,646
Prepaids	46,349
Capital assets, net of accumulated depreciation/amortization	700,442
TOTAL ASSETS	1,074,465
LIABILITIES	
Accounts payable	17,573
Accrued expenditures	96,134
Unearned revenues	18,480
Noncurrent liabilities	
Due within one year	107,878
Due in more than one year	618,440
TOTAL LIABILITIES	858,505
NET POSITION	
Net investment in capital assets	(25,876)
Restricted for food service	18,166
Unrestricted	223,670
TOTAL NET POSITION	$ 215,960

See notes to financial statements.

VISTA MEADOWS ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 535,831	$ -	$ 282,182	$ (253,649)
Support services	596,233	-	87,076	(509,157)
Student/school activities	1,689	-	1,100	(589)
Food services	27,565	-	29,497	1,932
Interest and fees	10,852	-	-	(10,852)
Unallocated depreciation/amortization	116,740	-	-	(116,740)
Total governmental activities	$ 1,288,910	$ -	$ 399,855	(889,055)
General revenues				
State sources - unrestricted				761,487
Intermediate sources				35,175
Other				2,350
Total general revenues				799,012
CHANGE IN NET POSITION				(90,043)
NET POSITION, beginning of year				306,003
NET POSITION, end of year				$ 215,960

See notes to financial statements.

VISTA MEADOWS ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 119,973	$ 1,739	$ 121,712
Accounts receivable	1,646	-	1,646
Intergovernmental receivable	204,316	-	204,316
Due from other funds	224	18,166	18,390
Prepaids	46,349	-	46,349
TOTAL ASSETS	$ 372,508	$ 19,905	$ 392,413
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 17,573	$ -	$ 17,573
Due to other funds	18,166	224	18,390
Accrued expenditures	96,134	-	96,134
Unearned revenue	18,480	-	18,480
TOTAL LIABILITIES	150,353	224	150,577
FUND BALANCES			
Nonspendable			
Prepaids	46,349	-	46,349
Restricted			
Food service	-	18,166	18,166
Committed for student/school activities	-	1,515	1,515
Unassigned	175,806	-	175,806
TOTAL FUND BALANCES	222,155	19,681	241,836
TOTAL LIABILITIES AND FUND BALANCES	$ 372,508	$ 19,905	$ 392,413

See notes to financial statements.

VISTA MEADOWS ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 241,836
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 1,051,007	
Accumulated depreciation/amortization is	(350,565)	
		700,442
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
Direct borrowings and direct placements		(726,318)
Net position of governmental activities		$ 215,960

See notes to financial statements.

VISTA MEADOWS ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Local sources	$ 2,350	$ -	$ 2,350
State sources	995,881	1,457	997,338
Federal sources	134,864	28,040	162,904
Intermediate sources	35,175	-	35,175
Student/school activities	-	1,100	1,100
TOTAL REVENUES	1,168,270	30,597	1,198,867
EXPENDITURES			
Current			
Instruction			
Basic programs	311,595	-	311,595
Added needs	224,236	-	224,236
Total instruction	535,831	-	535,831
Support services			
Pupil	110,474	-	110,474
Instructional staff	2,106	-	2,106
General administration	177,657	-	177,657
School administration	197,140	-	197,140
Business services	317	-	317
Operation and maintenance	86,168	-	86,168
Central support services	22,371	-	22,371
Total support services	596,233	-	596,233
Student/school activities	-	1,689	1,689
Food service	-	27,565	27,565
Debt service			
Principal repayment	103,140	-	103,140
Interest	10,852	-	10,852
Total debt service	113,992	-	113,992
TOTAL EXPENDITURES	1,246,056	29,254	1,275,310
NET CHANGE IN FUND BALANCES	(77,786)	1,343	(76,443)
FUND BALANCES			
Beginning of year	299,941	18,338	318,279
End of year	$ 222,155	$ 19,681	$ 241,836

See notes to financial statements.

VISTA MEADOWS ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net change in fund balances total governmental funds	$	(76,443)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation/amortization:		
Depreciation/amortization expense		(116,740)
Proceeds and repayments of principal on long-term debts are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):		
Principal repayment		103,140
Change in net position of governmental activities	$	(90,043)

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

Vista Meadows Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Bay Mills Community College is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2032. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The Academy reports the following *Major Governmental Fund*:

The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The Academy reports the following *Nonmajor Governmental Funds*:

The *Special Revenue Funds* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service and student/school activities in the special revenue funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

Measurement Focus and Basis of Accounting

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Prepaid Items

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

Capital Assets

Capital assets, as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $10,000 and a useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease or subscription period or the estimated useful lives. The other capital assets of the Academy are depreciated using the straight-line method over the following estimated useful lives:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

Capital Asset Classes	Years
Equipment	3-7
Right to use - building	8

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

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

Leases

The Academy is a lessee for noncancelable lease of a building. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

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

Long-term Obligations

In the government-wide financial statements, long-term obligations and other long-term obligations, if any, are reported as liabilities on the statement of net position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - CASH DEPOSITS - CREDIT RISK

Cash is held in the name of the Academy. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the Academy in relation to deposits in excess of insured amounts. As of June 30, 2026, none of the Academy's bank balance of $121,712 was exposed to custodial credit risk because it was fully covered by federal depository insurance and was not collateralized.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

	Government-wide
State sources	$ 179,278
Federal sources	13,612
Intermediate sources	11,426
	$ 204,316

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES (continued)

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

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets are as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Governmental activities				
Capital assets being depreciated/amortized				
Equipment	$ 121,460	$ -	$ (4,375)	$ 117,085
Right-to-use - building	933,922	-	-	933,922
Depreciable/amortizable capital assets	1,055,382	-	(4,375)	1,051,007
Accumulated depreciation/amortization				
Equipment	121,460	-	(4,375)	117,085
Right-to-use - building	116,740	116,740	-	233,480
Total accumulated depreciation/amortization	238,200	116,740	(4,375)	350,565
Net governmental capital assets	$ 817,182	$ (116,740)	$ -	$ 700,442

Depreciation/amortization for the year ended June 30, 2026 amounted to $116,740. The Academy determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the Academy for the year ended June 30, 2026:

	Notes from Direct Borrowings and Direct Placements
Balance, July 1, 2025	$ 829,458
Deletions	(103,140)
Balance, June 30, 2026	726,318
Due within one year	107,878
Due in more than one year	$ 618,440

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations currently outstanding are as follows:

Notes from Direct Borrowings and Direct Placements	
During the 2025 fiscal year, Vista Meadows Academy entered into an eight-year lease agreement as lessee for the use of a building and its facilities. Future minimum lease payments run through June 30, 2032, and are based off of 15% of full time equivalent (FTE) state aid per pupil. The lease liability as of June 30, 2026 is based on most recent student count. The lease has an interest rate of 4.50%.	$ 726,318

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of $726,318 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2026, including interest of $103,812, are as follows:

Year Ending June 30,	Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2027	$ 107,878	$ 30,477	$ 138,355
2028	112,833	25,522	138,355
2029	118,017	20,338	138,355
2030	123,439	14,916	138,355
2031	129,110	9,245	138,355
2032	135,041	3,314	138,355
	$ 726,318	$ 103,812	$ 830,130

Interest expense on all outstanding obligations for the fiscal year ended June 30, 2026 was $10,852.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

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

Receivable		Payable	
Nonmajor governmental funds	$ 18,166	Nonmajor governmental funds	$ 224
General fund	224	General fund	18,166
Total	$ 18,390	Total	$ 18,390

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

NOTE 7 - OVERSIGHT FEES

The Academy pays an administrative oversight fee of 3% of its state school aid to Bay Mills Community College, as set forth by contract, to reimburse the College Board for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2026, the Academy incurred expense of approximately $30,000 for oversight fees.

NOTE 8 - MANAGEMENT AGREEMENT

The Academy maintains a management agreement with CS Partners, LLC, d/b/a Partners Solutions for Schools for operations of the Academy through June 2032. Under the terms of the management agreement, CS Partners compensation for operating the Academy was approximately $100,000, for the fiscal year 2026.

NOTE 9 - PURCHASED SERVICES

The Academy leases all employee services from CS Partners. Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of CS Partners. Salaried employees are generally eligible to make retirement contributions with a 60-day waiting period. The plan does not cover hourly employees covered by another retirement plan. The Academy has a 3% match and 4% contribution resulting in contributions of approximately $19,000 in fiscal year 2026.

NOTE 10 - RISK MANAGEMENT

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

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - CHANGES IN ACCOUNTING PRINCIPLES

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

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

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

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

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

VISTA MEADOWS ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with		Variance with
	Original Budget	Final Budget	Original and Final Budget	Actual	Final Budget and Actual
REVENUES					
Local sources	$ 500	$ 15,350	$ 14,850	$ 2,350	$ (13,000)
State sources	1,158,723	995,474	(163,249)	995,881	407
Federal sources	140,640	139,029	(1,611)	134,864	(4,165)
Intermediate sources	39,100	39,100	-	35,175	(3,925)
TOTAL REVENUES	1,338,963	1,188,953	(150,010)	1,168,270	(20,683)
EXPENDITURES					
Instruction					
Basic programs	319,282	324,083	4,801	311,595	12,488
Added needs	214,368	225,711	11,343	224,236	1,475
Total instruction	533,650	549,794	16,144	535,831	13,963
Support services					
Pupil	180,351	115,376	(64,975)	110,474	4,902
Instructional staff	7,375	2,300	(5,075)	2,106	194
General administration	179,499	180,841	1,342	177,657	3,184
School administration	181,199	196,622	15,423	197,140	(518)
Business services	400	400	-	317	83
Operations and maintenance	77,527	92,029	14,502	86,168	5,861
Transportation services	700	700	-	-	700
Central support services	20,700	25,200	4,500	22,371	2,829
Total support services	647,751	613,468	(34,283)	596,233	17,235
Community services	500	-	(500)	-	-
Debt service					
Principal repayment	145,604	103,728	(41,876)	103,140	588
Interest	10,852	10,852	-	10,852	-
Total debt service	156,456	114,580	(41,876)	113,992	588
TOTAL EXPENDITURES	1,338,357	1,277,842	(60,515)	1,246,056	31,786
NET CHANGE IN FUND BALANCE	606	(88,889)	(89,495)	(77,786)	11,103
FUND BALANCE					
Beginning of year	299,941	299,941	-	299,941	-
End of year	$ 300,547	$ 211,052	$ (89,495)	$ 222,155	$ 11,103

VISTA MEADOWS ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

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

VISTA MEADOWS ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
State sources	$ (163,249)	State aid revenue appropriations were amended downward in the final budget primarily to reflect lower student enrollment count projections compared to original budget estimates, offsetting the per-pupil foundation allowance increase.
EXPENDITURES		
Support - pupil	(64,975)	Appropriations for pupil support services were reduced during the fiscal year to align budgeted staffing and contracted service expenditures with reduced student enrollment requirements.
Debt - principal	(41,876)	Debt service principal appropriations were amended downward following mid-year adjustments to lease schedules and equipment financing payment obligations.

Significant Variances Between Final Budget and Actual

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

ADDITIONAL SUPPLEMENTARY INFORMATION

VISTA MEADOWS ACADEMY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2026

	Special Revenue Fund (Food Service)	Special Revenue Fund (Student Activity)	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ -	$ 1,739	$ 1,739
Due from other funds	18,166	-	18,166
TOTAL ASSETS	$ 18,166	$ 1,739	$ 19,905
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	$ -	$ 224	$ 224
FUND BALANCES			
Restricted			
Food service	18,166	-	18,166
Committed for student/school activities	-	1,515	1,515
TOTAL FUND BALANCES	18,166	1,515	19,681
TOTAL LIABILITIES AND FUND BALANCES	$ 18,166	$ 1,739	$ 19,905

VISTA MEADOWS ACADEMY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2026

	Special Revenue Fund (Food Service)	Special Revenue Fund (Student Activity)	Total Nonmajor Governmental Funds
REVENUES			
State sources	$ 1,457	$ -	$ 1,457
Federal sources	28,040	-	28,040
Student/school activities	-	1,100	1,100
TOTAL REVENUES	29,497	1,100	30,597
EXPENDITURES			
Student/school activities	-	1,689	1,689
Food service	27,565	-	27,565
TOTAL EXPENDITURES	27,565	1,689	29,254
NET CHANGE IN FUND BALANCES	1,932	(589)	1,343
FUND BALANCES, beginning of year	16,234	2,104	18,338
FUND BALANCES, end of year	$ 18,166	$ 1,515	$ 19,681

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

To the Board of Directors of
Vista Meadows Academy

We have audited, 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, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Vista Meadows Academy as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Vista Meadows Academy's basic financial statements and have issued our report thereon dated September 8, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maner Costerisan PC

Lansing, Michigan
September 8, 2026

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September 8, 2026

To the Board of Directors
Vista Meadows Academy

In planning and performing our audit of the financial statements of Vista Meadows Academy as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered Vista Meadows Academy's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated September 8, 2026 on the financial statements of Vista Meadows Academy. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows:

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Vista Meadows Academy develop a plan to spend down the excess by June 30, 2027.

This report is intended solely for the information and use of management and others within the Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan

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September 8, 2026

To the Board of Directors of
Vista Meadows Academy

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Vista Meadows Academy for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on August 25, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Vista Meadows Academy are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the Academy adopted Governmental Accounting Standards Board (GASB) Statements No. 103 *Financial Reporting Model Improvements and* No. 104 *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's estimate of the discount rate used for leases, the lease term and lease payments is based on the Vista Meadows Academy incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 8, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Maner Costerisan PC

Lansing, Michigan