

Audited Financial Statements

Four Corners Montessori Academy

Madison Heights, Michigan

June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Four Corners Montessori 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 Four Corners Montessori Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Four Corners Montessori 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 Four Corners Montessori Academy, as of June 30, 2024, and the respective changes in financial position 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 Four Corners Montessori 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 Four Corners Montessori 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 Four Corners Montessori 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 Four Corners Montessori 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 as detailed 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 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 Four Corners Montessori 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 GAAS. In our opinion, the additional supplementary information, are 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, 2024, on our consideration of Four Corners Montessori 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 Four Corners Montessori 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 Four Corners Montessori Academy's internal control over financial reporting and compliance.

A handwritten signature in blue ink, reading "Croskey Lanni, PC".

Croskey Lanni, PC

Rochester, Michigan
October 28, 2024



**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
of Four Corners Montessori Academy**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four Corners Montessori Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Four Corners Montessori Academy's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Four Corners Montessori 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 Four Corners Montessori Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Four Corners Montessori 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 Four Corners Montessori 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.



Croskey Lanni, PC

Rochester, Michigan
October 28, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Four Corners Montessori Academy’s annual financial report presents our discussion and analysis of the public school academy’s financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

Financial Highlights

- The Academy had an increase in the general fund balance of \$195,663. This gives the Academy a general fund balance of \$1,613,770.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

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 Four Corners Montessori Academy’s Financial Report

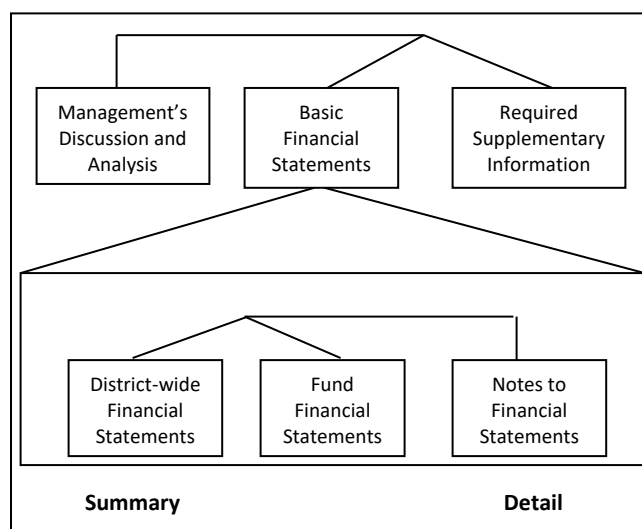


Figure A-2 summarized the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

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

	Academy-wide Statements	Governmental Funds
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

Academy-wide Statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net position and how they have changed. Net position – the difference between the Academy's assets and liabilities are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities – The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds – not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or show that it is properly using certain revenues (like school lunch).

The Academy has only governmental funds - 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.

Financial Analysis of the Academy as a Whole

The Academy's combined net position of \$2,108,425 increased by \$163,856 during the year.

State aid foundation allowance included in revenue from state sources accounts for 73% of the Academy's revenue. The per pupil foundation allowance for the year was \$9,608. Blended enrollment decreased by 28.49 students to 270.82 students.

The total cost of instruction decreased 17% to \$1,708,799. Support services decreased by 7% to \$1,426,747.

Academy Governmental Activities

Figure A-3
Four Corners Montessori Academy's Net Position

	2024	2023
Current assets	\$ 2,015,612	\$ 1,778,229
Capital assets, net	1,227,925	1,345,391
Total assets	3,243,537	3,123,620
Current liabilities	540,455	481,517
Long-term debt, long-term portion	594,657	697,534
Total liabilities	1,135,112	1,179,051
Net position:		
Net investment in capital assets	474,072	515,558
Restricted for food services	20,583	10,904
Unrestricted	1,613,770	1,418,107
Total net position	\$ 2,108,425	\$ 1,944,569

Figure A-4
Changes in Four Corners Montessori Academy's Net Position

	2024	2023
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 813,818	\$ 1,200,332
Charges for service	81,176	119,900
Total program revenues	894,994	1,320,232
General revenues:		
State aid - unrestricted	2,744,631	2,754,807
Other	113,615	116,024
Total general revenues	2,858,246	2,870,831
Total revenues	3,753,240	4,191,063
Expenses:		
Instruction	1,708,799	2,051,978
Support services	1,426,747	1,526,152
Food service	188,730	199,077
Community services	16,520	-
Interest and fees on long-term debt	24,554	26,344
Unallocated depreciation / amortization	224,034	239,106
Total expenses	3,589,384	4,042,657
Change in net position	\$ 163,856	\$ 148,406

Financial Analysis of the Academy's Funds

The financial operation of the Academy is considered stable. The general fund balance on June 30, 2024, is \$1,613,770 or 45% of revenues.

General Fund Budgetary Highlights

Over the course of the year, the Academy revised the general fund annual operating budget to stay within its budgetary plan.

While the Academy's final budget for the general fund presented anticipated revenues to exceed expenditures by \$10,562, the actual results for the year showed an increase in fund balance of \$195,663.

Actual revenues were \$35,439 less than budget primarily due to decreases in the amounts anticipated from Federal sources.

Actual expenditures were \$205,540 under budget primarily due to lower-than-expected personnel and building operation costs.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the Academy had invested \$1,227,925 in capital assets net of accumulated depreciation / amortization as summarized in Figure A-5. This amount represents a net decrease of \$117,466 from the beginning of the year. Total depreciation / amortization expense for the year was \$224,034. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5		
Four Corners Montessori Academy's Capital Assets		
	Balance June 30, 2024	Balance June 30, 2023
Equipment	\$ 375,987	\$ 363,687
Improvements	753,314	736,264
Right to use assets	1,237,205	1,192,729
Total cost	2,366,506	2,292,680
Less accumulated depreciation / amortization	1,138,581	947,289
Net book value	<u>\$ 1,227,925</u>	<u>\$ 1,345,391</u>

Long-Term Obligations

Long-term obligations are further described in Note 8 of the financial statements relate directly to lease obligations for the building and equipment under GASB 87.

Factors Bearing on the Academy's Future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2024-25.
- The charter agreement with Oakland University expires June 30, 2028.
- The school aid budget for 2024-25 has been approved by the state legislature.

The Academy continues to place emphasis upon enrollment increases through new working strategies. Enrollment growth will be imperative in continuing financial growth, allowing for facility expansion, and offering additional programmatic opportunities.

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 management company, Choice Schools Associates, at 5251 Clyde Park Avenue SW, Wyoming, MI 49509. Phone (616) 785-8440.

FOUR CORNERS MONTESSORI ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,050,130
Accounts receivable	3,082
Due from other governmental units	731,624
Prepaid expenses	<u>230,776</u>
Total current assets	2,015,612

Capital Assets - Net of Accumulated Depreciation / Amortization	<u>1,227,925</u>
Total assets	<u><u>\$ 3,243,537</u></u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 33,826
Unearned revenue	163,689
Other accrued liabilities	183,744
Long-term debt - current portion	<u>159,196</u>
Total current liabilities	540,455

Long-Term Debt - Long-Term Portion	594,657
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Net Position

Net investment in capital assets	474,072
Restricted for food services	20,583
Unrestricted	<u>1,613,770</u>
Total net position	<u>2,108,425</u>
Total liabilities and net position	<u><u>\$ 3,243,537</u></u>

See accompanying notes to financial statements

FOUR CORNERS MONTESSORI ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 1,517,460	\$ 48,518	\$ 231,231	\$ (1,237,711)
Added needs	191,339	-	191,339	-
Support Services				
Pupil support services	211,975	-	104,386	(107,589)
Instructional staff support services	97,178	-	83,065	(14,113)
General administration	423,567	-	-	(423,567)
School administration	239,762	-	-	(239,762)
Business support services	8,582	-	-	(8,582)
Operations and maintenance	372,311	-	5,388	(366,923)
Central support services	61,781	-	-	(61,781)
Athletic activities	11,591	-	-	(11,591)
Food services	188,730	-	198,409	9,679
Community services	16,520	32,658	-	16,138
Unallocated depreciation / amortization	224,034	-	-	(224,034)
Unallocated interest	24,554	-	-	(24,554)
Total primary government	<u>\$ 3,589,384</u>	<u>\$ 81,176</u>	<u>\$ 813,818</u>	<u>(2,694,390)</u>
General Purpose Revenues				
State school aid - unrestricted				2,744,631
Miscellaneous revenues				<u>113,615</u>
Total general purpose revenues				<u>2,858,246</u>
Change in net position				163,856
Net position - July 1, 2023				<u>1,944,569</u>
Net position - June 30, 2024				<u>\$ 2,108,425</u>

See accompanying notes to financial statements

FOUR CORNERS MONTESSORI ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2024

ASSETS

		Non-Major Special Revenue -	
	General	Food Services	Total
Cash and cash equivalents	\$ 1,050,130	\$ -	\$ 1,050,130
Accounts receivable	3,082	-	3,082
Due from other governmental units	724,711	6,913	731,624
Due from other funds	-	14,083	14,083
Prepaid expenses	230,776	-	230,776
Total assets	<u>\$ 2,008,699</u>	<u>\$ 20,996</u>	<u>\$ 2,029,695</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 33,413	\$ 413	\$ 33,826
Due to other funds	14,083	-	14,083
Unearned revenue	163,689	-	163,689
Other accrued expenses	183,744	-	183,744
Total liabilities	394,929	413	395,342

Fund Balance

Nonspendable	230,776	-	230,776
Restricted	-	20,583	20,583
Assigned	267,166	-	267,166
Unassigned	1,115,828	-	1,115,828
Total fund balance	<u>1,613,770</u>	<u>20,583</u>	<u>1,634,353</u>
Total liabilities and fund balance	<u>\$ 2,008,699</u>	<u>\$ 20,996</u>	<u>\$ 2,029,695</u>

See accompanying notes to financial statements

FOUR CORNERS MONTESSORI ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

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

Total Governmental Fund Balances	\$ 1,634,353
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,366,506 and the accumulated depreciation / amortization is \$1,138,581.	1,227,925
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(753,853)</u>
Net Position of Governmental Activities	<u><u>\$ 2,108,425</u></u>

See accompanying notes to financial statements

FOUR CORNERS MONTESSORI ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	General	Non-Major Special Revenue - Food Services	Total
Revenues			
Local sources	\$ 194,791	\$ -	\$ 194,791
State sources	2,947,467	56,484	3,003,951
Federal sources	357,608	141,925	499,533
Interdistrict sources	54,965	-	54,965
	<hr/>	<hr/>	<hr/>
Total governmental fund revenues	3,554,831	198,409	3,753,240
Expenditures			
Instruction			
Basic programs	1,517,460	-	1,517,460
Added needs	191,339	-	191,339
Support Services			
Pupil support services	211,975	-	211,975
Instructional staff support services	97,178	-	97,178
General administration	423,567	-	423,567
School administration	239,762	-	239,762
Business support services	8,582	-	8,582
Operations and maintenance	372,311	-	372,311
Central support services	61,781	-	61,781
Athletic activities	11,591	-	11,591
Food services	-	188,730	188,730
Community services	16,520	-	16,520
Capital outlay	106,568	-	106,568
Debt principal and interest	177,752	-	177,752
	<hr/>	<hr/>	<hr/>
Total governmental fund expenditures	3,436,386	188,730	3,625,116
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	118,445	9,679	128,124
Other Financing Sources (Uses)			
Proceeds from leases and long-term debt	77,218	-	77,218
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	195,663	9,679	205,342
	<hr/>	<hr/>	<hr/>
Fund balance - July 1, 2023	1,418,107	10,904	1,429,011
	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2024	<u>\$ 1,613,770</u>	<u>\$ 20,583</u>	<u>\$ 1,634,353</u>

See accompanying notes to financial statements

FOUR CORNERS MONTESSORI 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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	205,342
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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	\$	106,568	
Depreciation and amortization expense		<u>(224,034)</u>	(117,466)

The governmental funds report loan proceeds 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 general loan obligations is as follows:

Proceeds from long-term debt	\$	(77,218)	
Repayment of loan principal		<u>153,198</u>	<u>75,980</u>

Change in Net Position of Governmental Activities	\$	<u>163,856</u>
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FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Four Corners Montessori 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

Four Corners Montessori 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 October 13, 2008, and began operation in April 2009.

In June 2020, the Academy entered into a three-year contract with the Oakland University Board of Trustees to charter a public-school academy through June 30, 2023. The contract has been renewed through June 30, 2028. 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 University’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 the Oakland University Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2024 were approximately \$87,000.

In July 2020, the Academy entered into a three-year management agreement with Choice Schools Associates through June 30, 2023. This agreement has been extended to run concurrently with their authorizer agreement through June 30, 2028. Under the terms of this agreement, Choice Schools Associates will provide a variety of services including management, curriculum, educational programs and teacher training. The Academy is obligated to pay Choice Schools Associates ten percent of applicable revenues from state and federal sources. The total paid for these services amounted to approximately \$316,000 for the year ended June 30, 2024.

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 this report, into generic fund types in two broad fund categories.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

A governmental fund is a fund through which most academy functions typically are financed. 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 Academy presently maintains a special revenue fund, which 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 special revenue fund will be covered by an operating transfer from the general fund.

Capital Projects Fund - The capital projects fund which the Academy does not currently maintain, accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

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 brief 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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents - Continued

The Academy held no investments during the year ended June 30, 2024. 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.

Receivables

Accounts receivables and due from other governmental units at June 30, 2024 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2024 and are considered current for the purposes of these financial statements.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2024 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. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, 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	3 – 15 years
Computers and software	3 – 10 years

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 displayed in the following three components: Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. 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 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 the 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 significant 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 Equity

The Academy has 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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable 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 nonspendable 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.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- 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 are available for any purpose; these amounts are reported only in 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)

The Academy is a lessee for a noncancelable lease/subscription of a building and equipment. 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/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 judgements 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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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.

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.

Upcoming Accounting Procurements

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

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 fund and special revenue fund budgets. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. Page 20 of these financial statements compares the actual expenditures against board appropriated amounts.

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.

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).

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. The Academy held no investments during the year ended June 30, 2024.

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, 2024, \$769,975 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2024.

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.

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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.

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.
- 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 the fair value measurement.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$	552,556
Federal sources		<u>179,068</u>
Total	\$	<u><u>731,624</u></u>

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets subject to depreciation / amortization				
Right to use - building	\$ 1,159,987	\$ -	\$ -	\$ 1,159,987
Right to use - equipment	32,742	77,218	32,742	77,218
Equipment	363,687	12,300	-	375,987
Improvements	736,264	17,050	-	753,314
Sub-total	2,292,680	106,568	32,742	2,366,506
Accumulated depreciation / amortization				
Right to use - building	289,996	144,998	-	434,994
Right to use - equipment	30,223	10,562	32,742	8,043
Equipment	284,301	20,583	-	304,884
Improvements	342,769	47,891	-	390,660
Sub Total	947,289	224,034	32,742	1,138,581
Total net capital assets	<u>\$ 1,345,391</u>	<u>\$ (117,466)</u>	<u>\$ -</u>	<u>\$ 1,227,925</u>

Depreciation and amortization expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30, 2024 may be summarized as follows:

Purchased services	\$ 167,589
University oversight fee	16,155
Total other accrued expenses	<u>\$ 183,744</u>

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7 - RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan established by Choice Schools Associates (the "Employer") which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The Employer's contribution, under this plan, is a discretionary match of the employee's contribution, up to 5%, after the employee has completed one year of service for Choice Schools Associates.

NOTE 8 – LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations payable as of June 30, 2024 can be summarized as follows:

Loan Information

	Interest Rate	Maturity Date	Other
Direct borrowing - building	3.00%	June, 2029	Monthly payment of \$23,352
Direct borrowing - equipment	3.00%	August, 2027	Monthly payment of \$2,240
Direct borrowing - equipment	3.00%	June, 2028	Monthly payment of \$730

Loan Activity

	Balance July 1, 2023	Additions	Retirements and Payments	Balance June 30, 2024	Due Within One Year
Direct borrowing - building	\$ 789,802	\$ -	\$ 121,974	\$ 667,828	\$ 125,684
Direct borrowing - equipment	2,588	77,218	23,487	56,319	25,540
Direct borrowing - equipment	37,443	-	7,737	29,706	7,972
	<u>\$ 829,833</u>	<u>\$ 77,218</u>	<u>\$ 153,198</u>	<u>\$ 753,853</u>	<u>\$ 159,196</u>

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

	Principal	Interest
2025	\$ 159,196	\$ 20,439
2026	164,038	15,596
2027	146,373	10,861
2028	142,561	6,546
2029	141,685	2,313

FOUR CORNERS MONTESSORI ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. 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.

SUPPLEMENTARY INFORMATION

FOUR CORNERS MONTESSORI ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 168,740	\$ 193,852	\$ 194,791	\$ 939
State sources	2,926,769	2,952,449	2,947,467	(4,982)
Federal sources	398,476	390,283	357,608	(32,675)
Interdistrict sources	55,202	53,686	54,965	1,279
Total general fund revenues	3,549,187	3,590,270	3,554,831	(35,439)
Expenditures				
Instruction				
Basic programs	1,608,195	1,609,222	1,517,460	(91,762)
Added needs	247,555	192,057	191,339	(718)
Support Services				
Pupil support services	202,440	221,000	211,975	(9,025)
Instructional staff support services	100,000	99,837	97,178	(2,659)
General administration	439,268	460,557	423,567	(36,990)
School administration	254,994	245,994	239,762	(6,232)
Business support services	8,800	9,107	8,582	(525)
Operations and maintenance	419,447	407,232	372,311	(34,921)
Central support services	78,000	77,500	61,781	(15,719)
Athletic activities	9,000	15,000	11,591	(3,409)
Community services	25,600	20,100	16,520	(3,580)
Capital outlay	-	106,568	106,568	-
Debt principal and interest	155,352	177,752	177,752	-
Total general fund expenditures	3,548,651	3,641,926	3,436,386	(205,540)
Excess (deficiency) of revenues over expenditures	536	(51,656)	118,445	170,101
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	77,218	77,218	-
Operating transfers out	-	(15,000)	-	15,000
Total other financing sources (uses)	-	62,218	77,218	15,000
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	536	10,562	195,663	185,101
Fund balance - July 1, 2023	1,418,107	1,418,107	1,418,107	-
Fund balance - June 30, 2024	\$ 1,418,643	\$ 1,428,669	\$ 1,613,770	\$ 185,101

FOUR CORNERS MONTESSORI ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Local Sources

Authorizer grant	\$ 62,722
Earnings on investments	189
Other local revenues	<u>131,880</u>

Total local sources 194,791

State Sources

At risk	172,162
Special education	30,674
State aid	<u>2,744,631</u>

Total state sources 2,947,467

Federal Sources

IDEA	59,470
Title I	61,519
Title IV	12,443
Other program revenue	<u>224,176</u>

Total federal sources 357,608

Interdistrict Sources

54,965

Total general fund revenues \$ 3,554,831

FOUR CORNERS MONTESSORI ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Basic Programs

Purchased services	\$ 1,277,490
Rentals	9,992
Supplies and materials	203,095
Other expenditures	<u>26,883</u>

Total basic programs 1,517,460

Added Needs

Purchased services	191,339
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Pupil Support Services

Health services	19,874
Psychological services	10,073
Speech pathology and audiology	66,965
Social work services	<u>115,063</u>

Total pupil support services 211,975

Instructional Staff Support Services

Purchased services	97,178
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General Administration

Purchased services	421,903
Other expenditures	<u>1,664</u>

Total general administration 423,567

School Administration

Purchased services	220,629
Supplies and materials	12,940
Other expenditures	<u>6,193</u>

Total school administration 239,762

FOUR CORNERS MONTESSORI ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2024

Business Support Services

Other expenditures	8,582
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Operations and Maintenance

Purchased services	165,189
Repairs and maintenance	44,470
Rentals	102,789
Supplies and materials	59,863

Total operations and maintenance	372,311
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Central Support Services

Purchased services	54,888
Other purchased services	945
Supplies and materials	5,948

Total central support services	61,781
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Athletic Activities

Purchased services	4,887
Supplies and materials	5,774
Other expenditures	930

Total athletic activities	11,591
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Community Services

Purchased services	16,520
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Capital Outlay	106,568
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Debt Principal and Interest	177,752
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Total general fund expenditures	\$ 3,436,386
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