

KINGSBURY COUNTRY DAY SCHOOL

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kingsbury Country Day School

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of Kingsbury Country Day School, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Kingsbury Country Day School'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 Kingsbury Country Day School, as of June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Kingsbury Country Day School 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 Kingsbury Country Day School'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 Kingsbury Country Day School'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 Kingsbury Country Day School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025 on our consideration of Kingsbury Country Day School'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 Kingsbury Country Day School'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 Kingsbury Country Day School's internal control over financial reporting and compliance.

October 16, 2025

**KINGSBURY COUNTRY DAY SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of Kingsbury Country Day School’s (Academy) annual financial report presents our discussion and analysis of the Academy’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

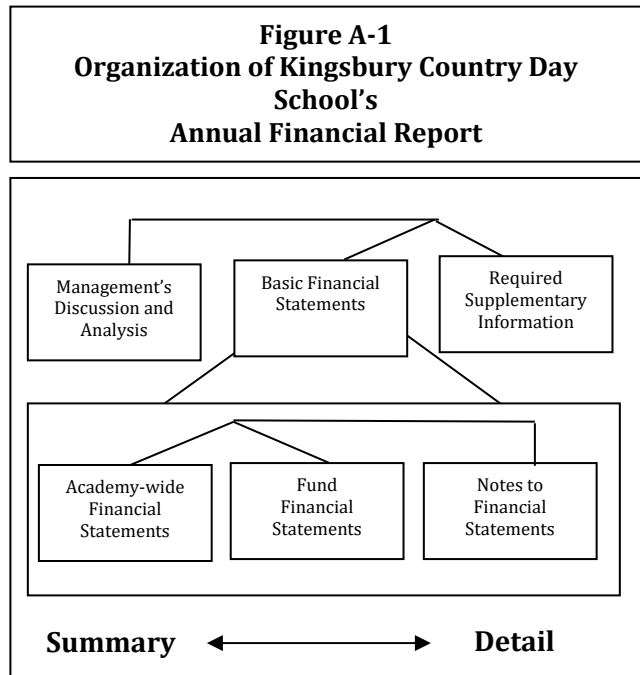
Financial Highlights

- The Academy’s general fund revenues and other financing sources exceeded expenditures by \$228,687 for the year ended June 30, 2025 as compared to budgeted revenues and other financing sources exceeding expenditures by \$109,093. As a result, the Academy has a \$1,792,703 fund balance in its general fund at June 30, 2025.

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

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

	Academy-wide Statements	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 balance
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 obligations 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, is 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 and by debt agreements.
- The Academy can establish other funds to control and manage money for particular purposes (like repaying its long-term obligations) or to show it is properly using certain revenues (like food service).

The Academy has the following funds:

- 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

Net Position - the Academy's combined net position of \$1,871,986 increased by \$206,197 during the year, (see figures A-3 and A-4).

The total revenues increased by 1.56% to \$4,395,183 resulting from an increase in operating grants and state sources. State aid foundation allowance included in revenue from state sources accounts for approximately 77% of the Academy's revenue.

The total cost of instruction increased by 1.47%, or \$30,436, to \$2,103,617. Total support services increased by 31.05%, or \$461,784, to \$1,948,964.

Figure A-3		
Kingsbury Country Day School's Net Position		
	2025	2024*
Current and other	\$ 2,458,774	\$ 2,193,543
Capital assets	186,083	42,510
Total assets	2,644,857	2,236,053
Other liabilities	619,480	570,264
Noncurrent liabilities	153,391	-
Total liabilities	772,871	570,264
Net position		
Net investment in capital assets	32,692	42,510
Unrestricted	1,839,294	1,623,279
Total net position	\$ 1,871,986	\$ 1,665,789

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

Figure A-4		
Changes in Kingsbury Country Day School's Net Position		
	2025	2024*
Revenues		
Program revenues		
Operating grants and contributions	\$ 431,411	\$ 417,774
Charges for services	440,417	543,179
Total program revenues	871,828	960,953
General revenues		
State sources - unrestricted	3,384,709	3,307,074
Investment earnings	24,679	719
Other	113,967	59,074
Total general revenues	3,523,355	3,366,867
Total revenues	4,395,183	4,327,820
Expenses		
Instruction	2,103,617	2,073,181
Support services	1,948,964	1,487,180
Community services	19,052	20,312
Student/school activities	63,422	145,050
Interest and fees	5,069	8,123
Unallocated depreciation/amortization	48,862	331,358
Total expenses	4,188,986	4,065,204
Change in net position	\$ 206,197	\$ 262,616

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

Financial Analysis of the Academy's Funds

The Academy's general fund revenues and other financing sources exceeded expenditures by \$228,687 for the year. As a result, the Academy has a \$1,792,703 fund balance in its general fund at June 30, 2025.

The total general fund revenues increased by 4.4% to \$4,344,433 resulting from an increase in state and federal funding.

The total cost of instruction increased by 1.5%, or \$30,436, to \$2,103,617. Total support services increased by 31.1%, or \$461,784, to \$1,948,964.

General Fund Budgetary Highlights

Over the course of the year, the Academy revised the general fund annual operating budget when necessary. Changes were made in both revenue and expenditures, which reflected anticipated changes in state aid grants and actual salary costs for staff.

The Academy's final budget for the general fund anticipated revenues and other financing sources would exceed expenditures and other financing uses by \$109,093 while the actual results for the year showed revenues and other financing sources exceeded expenditures and other financing uses by \$228,687 for the year.

Actual revenues were \$15,047 less than budgeted.

Actual expenditures were \$134,641 less than budgeted.

Capital Asset and Long-term Obligations

Capital Assets

By the end of the year ended June 30, 2025, the Academy had invested \$186,083 in capital assets net of accumulated depreciation/amortization as summarized in Figure A-5. Total depreciation/amortization expense for the year was \$48,862. More detailed information about capital assets can be found in Note 4 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5 Kingsbury Country Day School's Capital Assets				
	2025		2024	
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Building and improvements	\$ 23,920	\$ 11,170	\$ 12,750	\$ 14,423
Furniture and equipment	31,684	9,934	21,750	28,087
Right of use - leased vehicles	192,435	40,852	151,583	-
Total	\$ 248,039	\$ 61,956	\$ 186,083	\$ 42,510

Long-term Obligations

The Academy added \$192,435 in long-term obligations and retired \$39,044 of long-term obligations during the year. See Note 5 to the financial statements.

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 2025/2026 in which expenditures are expected to exceed revenues by approximately \$164,305.
- The Academy's charter contract with Saginaw Valley University expires June 30, 2030.

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 SW, Wyoming, Michigan 49509. Phone (616) 785-8440.

BASIC FINANCIAL STATEMENTS

**KINGSBURY COUNTRY DAY SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,487,989
Intergovernmental receivable	759,337
Accounts receivables	943
Deposits	5,772
Prepays	204,733
Capital assets, net of accumulated depreciation/amortization	186,083
TOTAL ASSETS	2,644,857
LIABILITIES	
Accounts payable	41,166
Accrued salaries and related items	304,287
Accrued expenses	17,606
Unearned revenues	256,421
Noncurrent liabilities	
Due within one year	62,577
Due in more than one year	90,814
TOTAL LIABILITIES	772,871
NET POSITION	
Net investment in capital assets	32,692
Unrestricted	1,839,294
TOTAL NET POSITION	\$ 1,871,986

See notes to financial statements.

**KINGSBURY COUNTRY DAY SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 2,103,617	\$ 280,863	\$ 286,785	\$ (1,535,969)
Support services	1,948,964	54,426	144,626	(1,749,912)
Community services	19,052	38,893	-	19,841
Student/school activities	63,422	66,235	-	2,813
Interest and fees	5,069	-	-	(5,069)
Unallocated depreciation/amortization	48,862	-	-	(48,862)
Total governmental activities	<u>\$ 4,188,986</u>	<u>\$ 440,417</u>	<u>\$ 431,411</u>	<u>(3,317,158)</u>
General revenues				
Investment earnings				24,679
State sources - unrestricted				3,384,709
ISD sources				54,752
Other				<u>59,215</u>
Total general revenues				<u>3,523,355</u>
CHANGE IN NET POSITION				206,197
NET POSITION, beginning of year				<u>1,665,789</u>
NET POSITION, end of year				<u>\$ 1,871,986</u>

See notes to financial statements.

**KINGSBURY COUNTRY DAY SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,439,673	\$ 48,316	\$ 1,487,989
Accounts receivable	943	-	943
Intergovernmental receivable	759,337	-	759,337
Due from other funds	-	3,190	3,190
Deposits	5,772	-	5,772
Prepays	204,733	-	204,733
	<u>\$ 2,410,458</u>	<u>\$ 51,506</u>	<u>\$ 2,461,964</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 36,251	\$ 4,915	\$ 41,166
Due to other funds	3,190	-	3,190
Accrued salaries and related items	304,287	-	304,287
Accrued expenditures	17,606	-	17,606
Unearned revenue	256,421	-	256,421
	<u>617,755</u>	<u>4,915</u>	<u>622,670</u>
TOTAL LIABILITIES			
FUND BALANCES			
Nonspendable			
Prepays	204,733	-	204,733
Committed for student/school activities	-	46,591	46,591
Assigned for:			
Subsequent year expenditures	164,305	-	164,305
Unassigned	1,423,665	-	1,423,665
	<u>1,792,703</u>	<u>46,591</u>	<u>1,839,294</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 2,410,458</u>	<u>\$ 51,506</u>	<u>\$ 2,461,964</u>

See notes to financial statements.

**KINGSBURY COUNTRY DAY SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total governmental fund balances		\$ 1,839,294
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the funds:</p>		
The cost of the capital assets is	\$ 248,039	
Accumulated depreciation/amortization is	<u>(61,956)</u>	
		186,083
<p>Long-term obligations are not due and payable in the current period and are not reported in the funds:</p>		
Direct borrowings and direct placements		<u>(153,391)</u>
Net position of governmental activities		<u><u>\$ 1,871,986</u></u>

**KINGSBURY COUNTRY DAY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
REVENUES			
Local sources			
Investment earnings	\$ 24,679	\$ -	\$ 24,679
Other	433,397	-	433,397
Total local sources	458,076	-	458,076
State sources	3,623,587	-	3,623,587
Federal sources	208,018	-	208,018
Intermediate sources	54,752	-	54,752
Student/school activities	-	66,235	66,235
TOTAL REVENUES	4,344,433	66,235	4,410,668
EXPENDITURES			
Instruction			
Basic programs	1,820,314	-	1,820,314
Added needs	283,303	-	283,303
Total instruction	2,103,617	-	2,103,617
Support services			
Pupil	149,946	-	149,946
Instructional staff	68,410	-	68,410
General administration	587,416	-	587,416
School administration	358,103	-	358,103
Business services	12,769	-	12,769
Operation and maintenance	571,219	-	571,219
Pupil transportation	61,782	-	61,782
Central support services	112,953	-	112,953
Other support services	26,366	-	26,366
Total support services	1,948,964	-	1,948,964
Community service	19,052	-	19,052
Student/school activities	-	63,422	63,422
Capital outlay	192,435	-	192,435

See notes to financial statements.

**KINGSBURY COUNTRY DAY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
EXPENDITURES (continued)			
Debt service			
Principal repayment	\$ 39,044	\$ -	\$ 39,044
Interest	5,069	-	5,069
Total debt service	44,113	-	44,113
TOTAL EXPENDITURES	4,308,181	63,422	4,371,603
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,252	2,813	39,065
OTHER FINANCING SOURCES (USES)			
Proceeds from lease	192,435	-	192,435
NET CHANGE IN FUND BALANCES	228,687	2,813	231,500
FUND BALANCES			
Beginning of year	1,564,016	43,778	1,607,794
End of year	\$ 1,792,703	\$ 46,591	\$ 1,839,294

See notes to financial statements.

**KINGSBURY COUNTRY DAY SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in fund balances total governmental funds \$ 231,500

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	(48,862)
Capital outlay	192,435

Revenue is recorded on the accrual method in the statement of activities and was recognized as revenue in the previous year; in the governmental funds it is recorded on the modified accrual method and is considered available in the current year.

Unavailable revenue, beginning of the year	(15,485)
Unavailable revenue, end of the year	-

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):

Proceeds from lease	(192,435)
Principal repayment	39,044
	39,044

Change in net position of governmental activities \$ 206,197

**KINGSBURY COUNTRY DAY SCHOOL
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. All fiduciary activities are reported only on the fund financial statements. *Governmental activities* normally are supported by intergovernmental revenues.

Reporting Entity

Kingsbury Academy was incorporated on June 20, 2013, and operates under the name Kingsbury Country Day School (the "Academy"). The Academy is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Saginaw Valley State University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2030. 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. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements.

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 including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - 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 Fund*:

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

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the 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.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

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.

Budgetary Information

Budgetary Basis of Accounting

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

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

- a. The Academy administrator 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 required supplementary information section.
- 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 budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The Academy does not consider these amendments to be significant.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

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 \$5,000 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/amortized. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Academy are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Building improvements	10
Furniture and equipment	5
Right to use - leased vehicles	3

Deferred Outflows/Inflows of Resources

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

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

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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).

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.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases

The Academy is a lessee for a noncancelable leases of vehicles. 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 judgements 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.

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.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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, 2025, \$1,487,242 of the Academy's bank balance of \$1,737,242 was exposed to custodial credit risk because it was insured by the FDIC. These deposits have a carrying value of \$1,486,153.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 consist of the following:

	<u>Government- wide</u>
State sources	\$ 652,924
Federal sources	<u>106,413</u>
	<u>\$ 759,337</u>

Amounts due from governmental units include amounts due from federal and state sources for various projects and programs.

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

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

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

	Balance <u>July 1, 2024</u>	Additions	Deletions	Balance <u>June 30, 2025</u>
Governmental activities				
Capital assets being depreciated/amortized				
Building improvements	\$ 23,920	\$ -	\$ -	\$ 23,920
Furniture and equipment	31,684	-	-	31,684
Right of use - leased vehicles	-	192,435	-	192,435
	<u>55,604</u>	<u>192,435</u>	<u>-</u>	<u>248,039</u>
Accumulated depreciation/amortization				
Building improvements	9,497	1,673	-	11,170
Furniture and equipment	3,597	6,337	-	9,934
Right of use - leased vehicles	-	40,852	-	40,852
	<u>13,094</u>	<u>48,862</u>	<u>-</u>	<u>61,956</u>
Net capital assets being depreciated/amortized	<u>42,510</u>	<u>143,573</u>	<u>-</u>	<u>186,083</u>
Net governmental capital assets	<u>\$ 42,510</u>	<u>\$ 143,573</u>	<u>\$ -</u>	<u>\$ 186,083</u>

Depreciation/amortization for the year ended June 30, 2025 amounted to \$48,862. 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, 2025:

	Notes from Direct Borrowings and Direct Placements
Balance, July 1, 2024	\$ -
Additions	192,435
Deletions	<u>(39,044)</u>
Balance, June 30, 2025	153,391
Due within one year	<u>62,577</u>
Due in more than one year	<u>\$ 90,814</u>

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2025 are comprised of the following:

Notes from Direct Borrowings and Direct Placements

During the 2025 fiscal year, Kingsbury Country Day School entered into a three-year lease agreement as lessee for the use of a bus. The Academy is required to make monthly principal and interest payments of \$2,370. The lease has an interest rate of 5.35%. \$ 58,061

During the 2025 fiscal year, Kingsbury Country Day School entered into a three-year lease agreement as lessee for the use of a bus. The Academy is required to make monthly principal and interest payments of \$1,701. The lease has an interest rate of 5.35%. 47,665

During the 2025 fiscal year, Kingsbury Country Day School entered into a three-year lease agreement as lessee for the use of a bus. The Academy is required to make monthly principal and interest payments of \$1,701. The lease has an interest rate of 5.35%. 47,665

Total direct borrowings and direct placements \$ 153,391

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of \$153,391 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, 2025, including interest of \$10,289, are as follows:

Year Ending June 30,	Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	
2026	\$ 62,577	\$ 6,687	\$ 69,264
2027	66,008	3,256	69,264
2028	24,806	346	25,152
	<u>\$ 153,391</u>	<u>\$ 10,289</u>	<u>\$ 163,680</u>

Interest expense on all outstanding obligations for the fiscal year ended June 30, 2025 was \$5,069.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2025 are as follows:

<u>Receivable</u>		<u>Payable</u>	
Nonmajor governmental funds	<u>\$ 3,190</u>	General fund	<u>\$ 3,190</u>

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 discretionary and Proposal A obligation payments to Saginaw Valley State University, as set forth by contract, to reimburse the University Board for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy’s compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2025, the Academy incurred expense of approximately \$97,000 for oversight fees.

NOTE 8 - MANAGEMENT AGREEMENT

The Academy currently has a management agreement with Choice Schools Associates, LLC (Choice Schools) for operations of the Academy through June 2030. Under the terms of the management agreement, Choice Schools compensation for operating the Academy was approximately \$427,000 for the fiscal year 2025.

NOTE 9 - PURCHASED SERVICES

The Academy leases all of its employees from Choice Schools Associates, LLC (Choice Schools). Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of Choice Schools.

NOTE 10 - RISK MANAGEMENT

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

NOTE 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.

**KINGSBURY COUNTRY DAY SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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 of 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capitals assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use-assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Agreements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**KINGSBURY COUNTRY DAY SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 410,352	\$ 449,685	\$ 458,076	\$ 8,391
State sources	3,711,200	3,638,174	3,623,587	(14,587)
Federal sources	163,336	216,869	208,018	(8,851)
Interdistrict sources	38,257	54,752	54,752	-
TOTAL REVENUES	4,323,145	4,359,480	4,344,433	(15,047)
EXPENDITURES				
Instruction				
Basic programs	1,890,019	1,878,583	1,820,314	58,269
Added needs	209,559	289,587	283,303	6,284
Total instruction	2,099,578	2,168,170	2,103,617	64,553
Support services				
Pupil	146,479	155,937	149,946	5,991
Instructional staff	74,032	74,681	68,410	6,271
General administration	565,532	597,618	587,416	10,202
School administration	613,204	358,851	358,103	748
Business services	34,325	13,101	12,769	332
Operation and maintenance	247,977	584,375	571,219	13,156
Pupil transportation	94,473	68,259	61,782	6,477
Central support services	76,655	127,983	112,953	15,030
Other support services	19,875	34,550	26,366	8,184
Total support services	1,872,552	2,015,355	1,948,964	66,391
Community services	24,601	22,750	19,052	3,698
Debt service				
Principal repayment	-	39,043	39,044	(1)
Interest	-	5,069	5,069	-
Total debt service	-	44,112	44,113	(1)
Capital outlay	376,731	192,435	192,435	-
TOTAL EXPENDITURES	4,373,462	4,442,822	4,308,181	134,641
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,317)	(83,342)	36,252	119,594
OTHER FINANCING SOURCES (USES)				
Proceeds from lease	-	192,435	192,435	-
NET CHANGE IN FUND BALANCE	\$ (50,317)	\$ 109,093	228,687	\$ 119,594
FUND BALANCE				
Beginning of year			1,564,016	
End of year			\$ 1,792,703	



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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
Kingsbury Country Day School

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 Kingsbury Country Day School as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Kingsbury Country Day School's basic financial statements and have issued our report thereon dated October 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kingsbury Country Day School'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 Kingsbury Country Day School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kingsbury Country Day School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingsbury Country Day School'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is 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.

October 16, 2025



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October 16, 2025

To the Board of Education
Kingsbury Country Day School

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kingsbury Country Day School for the year ended June 30, 2025. 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. 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 Kingsbury Country Day School are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2025. 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 Kingsbury Country Day School 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, professional standards define a disagreement with management as 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 October 16, 2025.

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) which are required and supplement 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.

A separate management letter was not issued.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Kingsbury Country Day School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC