

Audited Financial Statements

West Michigan Academy of Arts and Academics

Spring Lake, Michigan

June 30, 2025

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Independent Auditors' Report

Board of Directors and Management
West Michigan Academy of Arts and Academics

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy, as of June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, as identified in the Table of Contents, 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 supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Rochester, MI
November 7, 2025



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

To the Board of Directors and Management of
West Michigan Academy of Arts and Academics

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Michigan Academy of Arts and Academics (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

CBIZ CPAs P.C.
Rochester, MI

November 7, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

West Michigan Academy of Arts & Academics (“ACADEMY”) is a Kindergarten through 8 grade Public School Academy located in Spring Lake, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the West Michigan Academy of Arts & Academics administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 9,608	\$ 9,608
Enrollment	369.97	424.71
General Fund Balance Increase/(Decrease)	\$ 270,361	\$ 37,878
General Fund Balance as Percent of Unrestricted State Aid Revenue	42%	36%

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS:

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

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

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

The academy has one kind of fund:

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

ACADEMY-WIDE FINANCIAL STATEMENTS

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

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

Figure A-1 Organization of West MI Academy of Arts & Academics Annual Financial Report

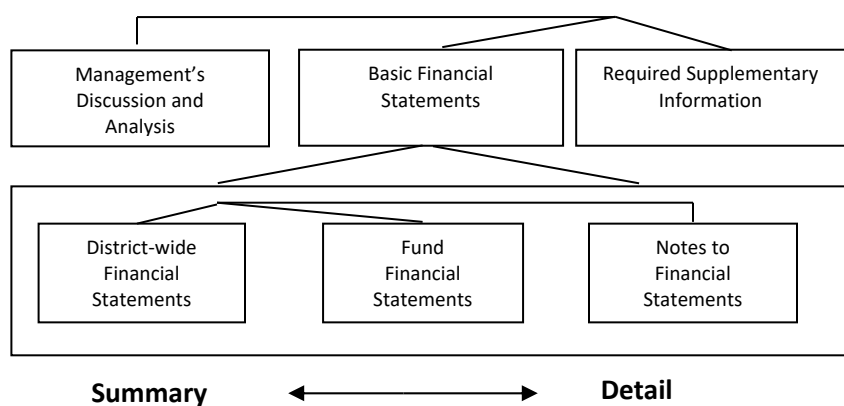


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

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

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

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$ 2,002,962	\$ 1,732,601
Total General Fund Revenue	\$ 5,411,881	\$ 5,927,129
State Aid Foundation Allowance as percent of Academy Revenues	87%	81%
Total Cost of Instructional Programs	\$ 2,868,732	\$ 3,213,753
Instructional Expenditures as percent of Total Expenditures	56%	55%
Total Cost of Support/Operational Services	\$ 1,960,517	\$ 2,256,976
Support/Operational Services as percent of Total Expenditures	38%	39%
Total Expenditures transferred to Debt Service	\$ 311,163	\$ 338,522
Transfer to Debt Service as percent of Total Expenditures	6%	6%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position

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

Table 3 - Net Position Detail

	2025	2024
Assets		
Current Assets	\$ 3,088,802	\$ 2,975,271
Capital Assets	8,813,480	8,603,786
Less: Accumulated Depreciation	(3,690,309)	(3,415,446)
Capital Assets, Net Book Value	5,123,171	5,188,340
Total Assets	<u>\$ 8,211,973</u>	<u>\$ 8,163,611</u>
Liabilities		
Current Liabilities	\$ 738,341	\$ 889,047
Long-term Liabilities	3,581,841	3,707,156
Total Liabilities	<u>\$ 4,320,182</u>	<u>\$ 4,596,203</u>
Net Position		
Net Investment in Capital Assets	\$ 1,411,330	\$ 1,356,184
Restricted for Debt, Food & Student Services	528,566	531,214
Unrestricted	1,951,895	1,680,010
Total Net Position	<u>\$ 3,891,791</u>	<u>\$ 3,567,408</u>

Results of Operations

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

Table 4 - Change in Net Position

	2025		2024	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	\$ 4,089,377	71.00%	\$ 4,318,194	68.91%
Other	43,687	0.76%	55,153	0.88%
Total General Revenue	4,133,064	71.76%	4,373,347	69.79%
Program Revenue:				
Charges for Services	70,611	1.23%	61,125	0.98%
Operating Grants - Federal and State	1,555,652	27.01%	1,832,253	29.24%
Total Program Revenue	1,626,263	28.24%	1,893,378	30.21%
Total Revenue	5,759,327	100.00%	6,266,725	100.00%
Expenses:				
Instruction and Instructional Services	2,868,732	52.78%	3,213,753	52.41%
Support Services	2,074,510	38.17%	2,421,498	39.49%
Community Services	3,316	0.06%	6,342	0.10%
Unallocated Depreciation / Amortization	274,863	5.06%	270,945	4.42%
Interest on Long-term Debt	213,523	3.93%	219,480	3.57%
Total Expenses	5,434,944	100.00%	6,132,018	100.00%
Change in Net Position	\$ 324,383		\$ 134,707	

During the fiscal year ended June 30, 2025, the Academy's net position increased by \$324,383 as compared to a net increase of \$134,707 in the prior fiscal year. This reflected implementing significant improvements in the school facility while using grant funds strategically.

State of Michigan Aid and Other Factors affecting Revenue

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

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. West MI Academy of Arts & Academics' foundation allowance was \$9,608.
- Student Enrollment: The Academy's student enrollment for the fall count of 2024-25 was 365 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.
- Total Section 25 adjustment was -3.68 FTE or (\$35,357).
- Additional state funding of \$375 per pupil was available during the 2024-25 fiscal year for charter schools. This funding is not expected to be continued in fiscal year 2025-26.

Subsequent to year end June 30, 2025, preliminary student enrollments for 2025-26 indicate that the 2025 fall student enrollment will be slightly lower than the 2024-25 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

The Academy’s revenue from General Fund operations exceeded expenditures by \$270,361 for the fiscal year ended June 30, 2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy’s net investment in capital assets decreased by \$65,169 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning		Ending	
	Balance 6/30/24	Additions	Disposals	Balance 6/30/25
Building and Improvements	\$ 8,225,286	\$ 63,333	\$ -	\$ 8,288,619
Equipment	218,300	146,361	-	364,661
Computer	97,660	-	-	97,660
Right to use assets	19,975	-	-	19,975
Non-Depreciable Capital Assets (Land)	42,565	-	-	42,565
Less: Accumulated Deprec. / Amort.	3,415,446	274,863	-	3,690,309
Investment in Capital Assets, net	\$ 5,188,340	\$ (65,169)	\$ -	\$ 5,123,171

Depreciation/Amortization Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization expense is a reduction in net assets in the entity wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy’s financial statements.

For fiscal year ended June 30, 2025, the net increase in accumulated depreciation/amortization was \$274,863.

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

Debt, Principal Payments

A summary of long-term debt service activities is as follows.

Table 6 - Debt, Principal Payments

	Balance 6/30/2024	New Financings	Principal Payments	Balance 6/30/2025
Revenue Bond	\$ 3,920,000	\$ -	\$ 125,000	\$ 3,795,000

ECONOMIC FACTORS BEARING ON THE ACADEMY’S FUTURE

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

- State Aid Foundation was budgeted with a \$392 per pupil increase, a net increase of \$18 taking into account the one-time \$375 per pupil funds that charter schools received in 2024-25. The actual 2025-26 Foundation Allowance is \$10,050, which is a net increase of \$68 per pupil.
- Enrollment of 350 students, an assumption of steady enrollment to continue to budget conservatively.
- Continued investment in staff retention with budgeted pay increases.
- Utilization of new grant funding to ease the end of ESSER III grant funding which ended on September 30, 2024.
- Continued improvements to the land and building

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

CONTACTING THE ACADEMY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy’s finances and to demonstrate the Academy’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy’s office at 17350 Hazel Street, Spring Lake, MI 49456.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF NET POSITION JUNE 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,664,648
Investments in debt service	487,285
Due from other governmental units	<u>936,869</u>
Total current assets	3,088,802

Capital Assets - Net of Accumulated Depreciation / Amortization

5,123,171

Total assets	<u><u>\$ 8,211,973</u></u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 61,304
Unearned revenue	146,036
Other accrued liabilities	401,001
Long-term debt - current portion	<u>130,000</u>
Total current liabilities	738,341

Long-Term Debt - Long-Term Portion

3,581,841

Net Position

Net investment in capital assets	1,411,330
Restricted	528,566
Unrestricted	<u>1,951,895</u>
Total net position	<u>3,891,791</u>
Total liabilities and net position	<u><u>\$ 8,211,973</u></u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 1,807,700	\$ -	\$ 379,799	\$ (1,427,901)
Added needs	1,061,032	-	873,020	(188,012)
Support services				
Pupil support services	289,524	-	33,083	(256,441)
Instructional staff support services	16,738	-	8,935	(7,803)
General administration	291,772	-	-	(291,772)
School administration	666,906	-	-	(666,906)
Business support services	52,066	-	-	(52,066)
Operations and maintenance	357,037	-	-	(357,037)
Pupil transportation services	100	-	100	-
Central support services	103,262	-	2,232	(101,030)
Other student activities	65,881	70,611	-	4,730
Food services	231,224	-	255,167	23,943
Community services	3,316	-	3,316	-
Unallocated depreciation / amortization	274,863	-	-	(274,863)
Unallocated interest	213,523	-	-	(213,523)
Total primary government	<u>\$ 5,434,944</u>	<u>\$ 70,611</u>	<u>\$ 1,555,652</u>	<u>(3,808,681)</u>
General Purpose Revenues				
State school aid - unrestricted				4,089,377
Earnings on investments				22,033
Miscellaneous revenues				<u>21,654</u>
Total general purpose revenues				<u>4,133,064</u>
Change in net position				324,383
Net position - July 1, 2024				<u>3,567,408</u>
Net position - June 30, 2025				<u>\$ 3,891,791</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2025

ASSETS

	<u>General</u>	<u>Debt Service</u>	<u>Non-Major</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,627,212	\$ -	\$ 37,436	\$ 1,664,648
Investments	-	487,285	-	487,285
Due from other governmental units	936,869	-	-	936,869
Due from other funds	-	-	3,845	3,845
	<u>-</u>	<u>-</u>	<u>3,845</u>	<u>3,845</u>
Total assets	<u>\$ 2,564,081</u>	<u>\$ 487,285</u>	<u>\$ 41,281</u>	<u>\$ 3,092,647</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 61,304	\$ -	\$ -	\$ 61,304
Due to other funds	3,845	-	-	3,845
Unearned revenue	146,036	-	-	146,036
Other accrued liabilities	349,934	-	-	349,934
	<u>561,119</u>	<u>-</u>	<u>-</u>	<u>561,119</u>
Total liabilities	561,119	-	-	561,119

Fund Balance

Restricted	-	487,285	41,281	528,566
Unassigned	2,002,962	-	-	2,002,962
	<u>2,002,962</u>	<u>487,285</u>	<u>41,281</u>	<u>2,531,528</u>
Total fund balance	2,002,962	487,285	41,281	2,531,528
	<u>2,002,962</u>	<u>487,285</u>	<u>41,281</u>	<u>2,531,528</u>
Total liabilities and fund balance	<u>\$ 2,564,081</u>	<u>\$ 487,285</u>	<u>\$ 41,281</u>	<u>\$ 3,092,647</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

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

Total Governmental Fund Balances	\$ 2,531,528
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,813,480 and the accumulated depreciation / amortization is \$3,690,309.	5,123,171
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(51,067)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,711,841)</u>
Net Position of Governmental Activities	<u>\$ 3,891,791</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	General	Debt Service	Non-Major	Total
Revenues				
Local sources	\$ 21,654	\$ 22,033	\$ 70,611	\$ 114,298
State sources	4,718,333	-	27,816	4,746,149
Federal sources	300,339	-	226,986	527,325
Interdistrict sources	371,555	-	-	371,555
Total governmental fund revenues	5,411,881	22,033	325,413	5,759,327
Expenditures				
Instruction				
Basic program	1,807,700	-	-	1,807,700
Added needs	1,061,032	-	-	1,061,032
Support services				
Pupil support services	289,524	-	-	289,524
Instructional staff support services	16,738	-	-	16,738
General administration	291,772	-	-	291,772
School administration	666,906	-	-	666,906
Business support services	50,066	2,000	-	52,066
Operations and maintenance	357,037	-	-	357,037
Pupil transportation services	100	-	-	100
Central support services	103,262	-	-	103,262
Other student activities	-	-	65,881	65,881
Food services	-	-	231,224	231,224
Community services	3,316	-	-	3,316
Capital outlay	181,796	-	27,898	209,694
Debt principal and interest	-	335,362	-	335,362
Total governmental fund expenditures	4,829,249	337,362	325,003	5,491,614
Excess (deficiency) of revenues over expenditures	582,632	(315,329)	410	267,713
Other Financing Sources (Uses)				
Operating transfers in	-	311,163	1,108	312,271
Operating transfers out	(312,271)	-	-	(312,271)
Total other financing sources (uses)	(312,271)	311,163	1,108	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	270,361	(4,166)	1,518	267,713
Fund balance - July 1, 2024	1,732,601	491,451	39,763	2,263,815
Fund balance - June 30, 2025	<u>\$ 2,002,962</u>	<u>\$ 487,285</u>	<u>\$ 41,281</u>	<u>\$ 2,531,528</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

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

Net Change in Fund Balances - Total Governmental Funds	\$	267,713
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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	\$	209,694	
Depreciation and amortization expense		<u>(274,863)</u>	(65,169)

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:

Repayment of loan principal	\$	125,000	
Interest expense		<u>(3,161)</u>	<u>121,839</u>

Change in Net Position of Governmental Activities	\$	<u>324,383</u>
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See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Michigan Academy of Arts and Academics (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

West Michigan Academy of Arts and Academics 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 June 5, 1996, and began operation in July 1996.

In July 2022, the Academy extended their contract with Grand Valley State University's Board of Trustees to charter a public school academy thorough June 30, 2027. 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 Grand Valley State University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2025 were approximately \$116,200.

The Academy entered into an agreement with Partner Solutions through June 30, 2022. This agreement has been subsequently renewed to run concurrent with the authorizer agreement. Under the terms of this agreement, Partner Solutions will provide a variety of back office services including payroll, human resources, budget and accounting services. The Academy is obligated to pay Partner Solutions 3.70 percent of its gross pay for payroll services, with a minimum of \$40,000 for accounting services. The total paid for these services amounted to approximately \$141,090 for the year ended June 30, 2025.

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

Fund Financial Statements

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation – Fund Accounting

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

Governmental Funds

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

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

Special Revenue Fund (Food Service) - The special revenue fund 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.

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

Debt Service Fund - The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- 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.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

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

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Government; 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

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

Net position is displayed in the following three components:

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

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

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balance

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

GASB 54 provides for two major types of fund balances, which are 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.

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

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

Leases

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for a noncancelable lease/subscription of an equipment and an IT arrangement. The Academy recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

Estimates

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

Implemented and Upcoming Accounting Pronouncements

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

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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.

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2025 the budget was amended in a legally permissible manner. A comparison of appropriated revenues and expenditures versus actual for the year ended June 30, 2025 is detailed on page 21 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, the Academy had the following investments:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 1,664,648
Investments:	
Mutual funds	<u>487,285</u>
Total deposits and investments	<u>\$ 2,151,933</u>

The above amounts are reported in the financial statements as follows:

Deposits:	
Cash - General Fund	\$ 1,627,212
Cash - Special Revenue - Student Activities Fund	<u>37,436</u>
Subtotal	1,664,648
Investments:	
Investments - Debt Service Fund	<u>487,285</u>
Total deposits and investments	<u>\$ 2,151,933</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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. At June 30, 2025, the Academy's investment in a 2a-7 like money market mutual fund had a weighted average maturity of 45 days.

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). At June 30, 2025, the Academy's investment in a 2a-7 like money market mutual fund was rated Aaa-mf by Moody's and AAAM by S&P Global.

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. More than 5% of the Academy's investments are in mutual funds that invest in U.S. Government obligations representing 100% of the Academy's total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2025, \$1,382,542 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2025.

Custodial Credit Risk - Investments

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

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business and recorded in name of the Academy.

Foreign Currency Risk

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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’s investments are in a 2a-7 like money market mutual fund that invest in U.S. Government obligations that is subject to fair value measurement and is considered Level 1 investments.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 821,463
Federal sources	<u>115,406</u>
Total	<u>\$ 936,869</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets not subject to depreciation				
Land	\$ 42,565	\$ -	\$ -	\$ 42,565
Capital assets subject to depreciation / amortization				
Right to use - subscription-based IT	19,975	-	-	19,975
Building	6,277,112	18,793	-	6,295,905
Improvements	1,948,174	44,540	-	1,992,714
Equipment	218,300	146,361	-	364,661
Computer	97,660	-	-	97,660
Total asset cost basis	8,603,786	209,694	-	8,813,480
Accumulated depreciation / amortization				
Right to use - subscription-based IT	7,657	3,995	-	11,652
Building	2,621,309	174,705	-	2,796,014
Improvements	494,221	82,227	-	576,448
Equipment	199,812	11,434	-	211,246
Computer	92,447	2,502	-	94,949
Sub-total	3,415,446	274,863	-	3,690,309
Total net capital assets	\$ 5,188,340	\$ (65,169)	\$ -	\$ 5,123,171

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 6 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 246,896	\$ 246,896
Oversight and management fee	24,927	24,927
Other expenses	78,111	78,111
Interest expense	51,067	-
	<u>\$ 401,001</u>	<u>\$ 349,934</u>

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

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

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Bonds	4.875% to 5.625%	April, 2043	Semi-annual interest payments, collateralized by pledge for state aid

Loan Activity

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Bonds	<u>\$ 3,920,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	\$ 3,795,000	<u>\$ 130,000</u>
Less unamortized discount				<u>83,159</u>	
				<u>\$ 3,711,841</u>	

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE - Continued

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

	<u>Principal</u>	<u>Interest</u>
2026	\$ 130,000	\$ 199,584
2027	140,000	193,246
2028	145,000	186,421
2029	155,000	179,353
2030	160,000	171,409
2031 - 2035	940,000	745,225
2036 - 2040	1,220,000	10,190
2041 - 2044	905,000	6,126

NOTE 8 – INTERFUND TRANSFERS

During the normal course of the school year, the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 1,108	\$ 311,163
Transfer Out	312,271	-	-

As stipulated by the Academy's bond agreement, which is described in Note 7, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. The above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 9 - RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 29,150	\$ 26,620	\$ 21,654	\$ (4,966)
State sources	4,795,658	4,849,999	4,718,333	(131,666)
Federal sources	292,600	387,472	300,339	(87,133)
Interdistrict sources	271,193	279,059	371,555	92,496
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	5,388,601	5,543,150	5,411,881	(131,269)
Expenditures				
Instruction				
Basic programs	2,051,925	1,926,576	1,807,700	(118,876)
Added needs	1,057,332	1,129,227	1,061,032	(68,195)
Support services				
Pupil support services	305,455	304,782	289,524	(15,258)
Instructional staff support services	20,670	51,696	16,738	(34,958)
General administration	361,394	293,320	291,772	(1,548)
School administration	658,261	682,363	666,906	(15,457)
Business support services	50,450	50,450	50,066	(384)
Operations and maintenance	487,374	472,205	357,037	(115,168)
Pupil transportation services	101	502	100	(402)
Central support services	156,461	280,504	103,262	(177,242)
Community services	-	8,287	3,316	(4,971)
Capital outlay	-	-	181,796	181,796
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	5,149,423	5,199,912	4,829,249	(370,663)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	239,178	343,238	582,632	239,394
Other Financing Sources (Uses)				
Operating transfers out	(277,781)	(307,781)	(312,271)	(4,490)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(38,603)	35,457	270,361	234,904
Fund balance - July 1, 2024	1,732,601	1,732,601	1,732,601	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2025	\$ 1,693,998	\$ 1,768,058	\$ 2,002,962	\$ 234,904
	<hr/>	<hr/>	<hr/>	<hr/>

SUPPLEMENTARY INFORMATION

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

ASSETS

	<u>Special Revenue</u>		<u>Total</u>
	<u>Food Service</u>	<u>Student Activities</u>	
Cash and cash equivalents	\$ -	\$ 37,436	\$ 37,436
Due from other funds	<u>1,363</u>	<u>2,482</u>	<u>3,845</u>
Total assets	<u>\$ 1,363</u>	<u>\$ 39,918</u>	<u>\$ 41,281</u>

LIABILITIES AND FUND BALANCE

Fund Balance

Restricted	<u>\$ 1,363</u>	<u>\$ 39,918</u>	<u>\$ 41,281</u>
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WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	<u>Special Revenue</u>		
	<u>Food Service</u>	<u>Student Activities</u>	<u>Total</u>
Revenues			
Local sources	\$ -	\$ 70,611	\$ 70,611
State sources	27,816	-	27,816
Federal sources	226,986	-	226,986
Total governmental fund revenues	254,802	70,611	325,413
Expenditures			
Support services			
Other student activities	-	65,881	65,881
Food services	231,224	-	231,224
Capital outlay	27,898	-	27,898
Total governmental fund expenditures	259,122	65,881	325,003
Excess (deficiency) of revenues over expenditures	(4,320)	4,730	410
Other Financing Sources (Uses)			
Operating transfers in	1,108	-	1,108
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(3,212)	4,730	1,518
Fund balance - July 1, 2024	4,575	35,188	39,763
Fund balance - June 30, 2025	<u>\$ 1,363</u>	<u>\$ 39,918</u>	<u>\$ 41,281</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

Local Sources

Authorizer grant	\$ 12,570
Other local revenues	<u>9,084</u>
Total local sources	21,654

State Sources

At risk	512,307
Special education	116,649
State aid	<u>4,089,377</u>
Total state sources	4,718,333

Federal Sources

IDEA	112,618
Title I	172,354
Title II A	11,167
Other program revenue	<u>4,200</u>
Total federal sources	300,339

Interdistrict Sources

	<u>371,555</u>
Total general fund revenues	<u><u>\$ 5,411,881</u></u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

Basic Programs

Purchased services	\$ 1,682,142
Rentals	18,235
Other purchased services	30,493
Supplies and materials	74,895
Other expenditures	<u>1,935</u>
Total basic programs	1,807,700

Added Needs

Purchased services	1,056,441
Supplies and materials	<u>4,591</u>
Total added needs	1,061,032

Pupil Support Services

Guidance services	77,233
Health services	45,328
Psychological services	6,255
Speech pathology and audiology	90,953
Social work services	<u>69,755</u>
Total pupil support services	289,524

Instructional Staff Support Services

Purchased services	8,414
Supplies and materials	<u>8,324</u>
Total instructional staff support services	16,738

General Administration

Purchased services	31,901
Management fees	141,094
University oversight	116,170
Other expenditures	<u>2,607</u>
Total general administration	291,772

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

School Administration

Purchased services	655,023
Supplies and materials	4,963
Non-depreciable capital assets	620
Other expenditures	6,300

Total school administration 666,906

Business Support Services

Purchased services	49,181
Other expenditures	885

Total business support services 50,066

Operations and Maintenance

Purchased services	212,877
Repairs and maintenance	65,672
Supplies and materials	72,705
Non-depreciable capital assets	5,783

Total operations and maintenance 357,037

Pupil Transportation Services

Supplies and materials	100
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Central Support Services

Purchased services	79,018
Repairs and maintenance	19,430
Supplies and materials	1,661
Non-depreciable capital assets	3,153

Total central support services 103,262

Community Services

Purchased services	3,316
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Capital Outlay

181,796

Total general fund expenditures \$ 4,829,249