

Audited Financial Statements

Old Redford Academy

Detroit, Michigan

June 30, 2025

CONTENTS

	<u>Page</u>
Independent Auditors' Report	i – iii
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 <i>Government Auditing Standards</i>	iv - v
Management's Discussion and Analysis	vi - x
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Combined Balance Sheet – All Governmental Funds	3
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7 - 19
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	20
Supplementary Information	
Schedule of Revenues – General Fund	21
Schedule of Expenditures – General Fund	22 - 24



CBIZ CPAs P.C.

345 Diversion Street
Suite 400
Rochester, MI 48307

P: 248.659.5300

Independent Auditors' Report

Board of Directors and Management
Old Redford Academy

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 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 10, 2025



CBIZ CPAs P.C.

345 Diversion Street
Suite 400
Rochester, MI 48307

P: 248.659.5300

**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
Old Redford Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Old Redford Academy (the "Academy"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 10, 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 10, 2025

Old Redford Academy Management's Discussion and Analysis For the Year Ended June 30, 2025

This discussion and analysis of Old Redford Academy's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to provide, in layman's terms, a look at the School's performance and current position. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

GASB 34 (Governmental Accounting Standards Board's Statement No. 34) requires this information. GASB 34 requires the presentation of two basic types of financial statements; namely, School-wide Financial Statements and Fund Financial Statements.

Overview of the Financial Statements

This annual report consists of four parts: (1) the independent auditors' report, (2) management's discussion and analysis, (3) the basic financial statements, and (4) required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detail 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 School's budget for the year.

School-wide Financial Statements

The school-wide statements provide a financial perspective of the School as a whole. These statements are on the "full accrual" basis of accounting and provide information about the School's overall financial status. They are used to help determine whether the School is better off or worse off as the result of the year's activities. There are two school-wide statements: the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* reports all of the School's assets, deferred inflows and outflows, and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the School are reported in this statement.

The *Statement of Activities* accounts for the current year's revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the information relative to funding received and expenditures made for School services.

The two school-wide statements report the School's net position and how they have changed. Net Position – the difference between the School's assets, deferred inflows and outflows, and liabilities – is one way to measure the School's financial health or position.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School's overall health, one needs to consider additional non-financial factors such as the quality of the education provided.

In the school-wide statements, the School's activities are classified as *governmental activities*. This includes the School's basic services, such as regular and special education, technology support, and administration. State aid and federal grants typically finance most of these services.

**Old Redford Academy
Management’s Discussion and Analysis
For the Year Ended June 30, 2025**

Fund Financial Statements

The fund financial statements focus on individual parts of the School, reporting the School’s operations in more detail than the school-wide statements. The fund level statements are 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 School’s major instructional and instructional support activities are reported in the *General Fund*. The primary funding sources for the General Fund are typically from state foundation grant per student and state categorical funding for specific programs. The School currently has a non-major special revenue fund.

Financial Analysis of the School as a Whole

The net position of the School as of June 30, 2025, was \$4,362,904 Figure A-1 below shows a breakdown of the net position.

Figure A-1
Old Redford Academy's Net Position

	2025	2024
Current and other assets	\$ 7,790,084	\$ 11,280,466
Capital assets	17,434,687	18,763,161
Total assets	25,224,771	30,043,627
Long-term debt outstanding	17,656,843	18,949,233
Other liabilities	3,205,024	4,439,083
Total liabilities	20,861,867	23,388,316
Net position		
Net investment in capital assets	(1,552,698)	(1,475,949)
Restricted	(3,622)	(3,618)
Unrestricted	5,919,224	8,134,878
Total net position	\$ 4,362,904	\$ 6,655,311

**Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Comments on Major Changes to Net Position

The net position of the School decreased by (\$2,292,407) during the 2024-25 year. Figure A- 2 shows the breakdown of this change. The Statement of Activities presented later in the school-wide financial statements, provides greater detail on the School's annual activity. The cost of the School's governmental activities for the year was \$18,196,064.

Figure A-2
Changes in Old Redford Academy's Net Position

	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 33,084	\$ -
Federal and state operating grants	5,710,126	6,754,529
General revenues:		
State aid - unrestricted	10,105,336	9,377,973
Miscellaneous	55,111	222,932
Total revenues	15,903,657	16,355,434
Expenses		
Instruction	5,958,471	5,666,975
Support services	9,687,576	8,955,643
Community services	168,961	86,901
Unallocated interest	620,188	630,222
Unallocated depreciation / amortization	1,760,868	1,744,342
Total expenses	18,196,064	17,084,083
Change in net position	\$ (2,292,407)	\$ (728,649)

Financial Analysis of the School's Funds

The financial performance of the School as a whole is reflected in its governmental funds as well. The governmental funds balance decreased in total by (\$2,215,658) during the 2024-25 year. The General Fund balance ended the year at \$5,914,626 which was a decrease of (\$2,215,654) from the prior year. The primary factors affecting the School's governmental funds' fund balance are listed below.

Factors Impacting Fund Balance

The School's final budget showed a fund balance decrease of (\$2,391,991).

**Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, service provider contracts, state aid, staffing, utilities, and repairs. As a matter of practice, the School amends its budget periodically during the year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for changes in the budget during the year and the differences in actual and budget figures.

Original Budget to Final Budget

There was a 7% increase \$1,054,429 in General Fund revenues from the original budget to the final budget.

- *State revenues* – This variance stems mainly from State Foundation Allowance as a result of conservative budgeting from an enrollment perspective for the original budget.

There was an 8% increase of \$1,431,162 in General Fund expenditures from the original budget to the final budget.

- This was primarily a result of conservative expenditure budgeting with the Original Budget, and investment in capital projects of the academies facilities.

Final Budget to Actual

- There was a 0.5% difference of \$79,160 between the final revenue budget and the actual revenue. This is a result of higher than anticipated revenues for the 31A grant and the GSRP grants.
- There was a 1.4% difference of \$249,556 between the final budgeted expenditures and actual expenditures. The majority of this was due to unspent grant funds and conservative budgeting.

Capital Asset and Long-term Debt Administration

The Academy had investment in assets that consisted mainly of leased facilities and related debt for the same. For more details related to these assets and related long-term debt please refer to Notes 5 and 7 to the financial statements respectively.

Table A-5
Old Redford Academy's Capital Assets

	June 30, 2025	June 30, 2024
Right to use - assets	\$ 23,929,224	\$ 23,929,224
Furniture and fixtures	1,573,003	1,140,609
Subtotal	25,502,227	25,069,833
Less: accumulated depreciation / amortization	8,067,540	6,306,672
Net book value of assets	\$ 17,434,687	\$ 18,763,161

**Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

Factors Bearing on the School's Future

- The operating budget will be amended during the year to reflect updated foundation allowance information, actual student counts, changes to any legislation, and final staffing assignments.
- MAST Financial Group will continue to be engaged as the school's financial services provider.
- CS Partners will continue to be engaged through June 30, 2026 to provide management services to assist the school with academic performance, operations, and human resource management.

Requests for Information

This financial report is designed to provide the School's parents, students, other stakeholders and creditors with a general overview of the School's finances, and to show how the School is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Old Redford Academy, 22122 W McNichols Rd, Detroit, MI 49055 or by calling (313) 880-1804.

OLD REDFORD ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2025

ASSETS

Current Assets

Cash and cash equivalents	\$ 4,729,697
Accounts receivable	26,523
Due from other governmental units	2,959,107
Prepaid expenses	70,159
Inventory	4,598
	<hr/>
Total current assets	7,790,084

Capital Assets - Net of Accumulated Depreciation / Amortization

17,434,687

Total assets

\$ 25,224,771

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 272,183
Unearned revenue	637,861
Other accrued liabilities	964,438
Long-term debt - current portion	1,330,542
	<hr/>
Total current liabilities	3,205,024

Long-Term Debt - Long-Term Portion

17,656,843

Net Position

Net investment in capital assets	(1,552,698)
Restricted for food service	(3,622)
Unrestricted	5,919,224
	<hr/>
Total net position	4,362,904
	<hr/>
Total liabilities and net position	<u><u>\$ 25,224,771</u></u>

See accompanying notes to financial statements

OLD REDFORD ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expense) Revenues and Changes in Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 4,644,215	\$ -	\$ 1,572,459	\$ (3,071,756)
Added needs	1,314,256	-	1,348,153	33,897
Support services				
Pupil support services	766,572	-	625,186	(141,386)
Instructional staff support services	1,327,884	-	971,108	(356,776)
General administration	1,684,208	-	57,802	(1,626,406)
School administration	968,638	-	25,647	(942,991)
Business support services	461,416	-	-	(461,416)
Operations and maintenance	2,625,931	-	121,007	(2,504,924)
Pupil transportation services	243,411	-	25,046	(218,365)
Central support services	571,598	-	87,393	(484,205)
Athletic activities	295,368	33,084	29,939	(232,345)
Food services	742,550	-	679,844	(62,706)
Community services	162,161	-	159,742	(2,419)
Welfare activities	6,800	-	6,800	-
Unallocated depreciation / amortization	1,760,868	-	-	(1,760,868)
Unallocated interest	620,188	-	-	(620,188)
Total primary government	\$ 18,196,064	\$ 33,084	\$ 5,710,126	(12,452,854)
General Purpose Revenues				
State school aid - unrestricted				10,105,336
Miscellaneous revenues				55,111
Total general purpose revenues				10,160,447
Change in net position				(2,292,407)
Net position - July 1, 2024				6,655,311
Net position - June 30, 2025				\$ 4,362,904

See accompanying notes to financial statements

OLD REDFORD ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2025

ASSETS

	General	Non-Major Special Revenue - Food Services	Total
Cash and cash equivalents	\$ 4,729,697	\$ -	\$ 4,729,697
Accounts receivable	26,523	-	26,523
Due from other governmental units	2,941,954	17,153	2,959,107
Due from other funds	20,775	-	20,775
Inventory	-	4,598	4,598
Prepaid expenses	70,159	-	70,159
	<u>\$ 7,789,108</u>	<u>\$ 21,751</u>	<u>\$ 7,810,859</u>
Total assets	<u>\$ 7,789,108</u>	<u>\$ 21,751</u>	<u>\$ 7,810,859</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 272,183	\$ -	\$ 272,183
Due to other funds	-	20,775	20,775
Unearned revenue	637,861	-	637,861
Other accrued liabilities	964,438	-	964,438
	<u>1,874,482</u>	<u>20,775</u>	<u>1,895,257</u>
Total liabilities	<u>1,874,482</u>	<u>20,775</u>	<u>1,895,257</u>

Fund Balance

Nonspendable	70,159	4,598	74,757
Restricted	-	(3,622)	(3,622)
Assigned	1,637,582	-	1,637,582
Unassigned	4,206,885	-	4,206,885
	<u>5,914,626</u>	<u>976</u>	<u>5,915,602</u>
Total fund balance	<u>5,914,626</u>	<u>976</u>	<u>5,915,602</u>
Total liabilities and fund balance	<u>\$ 7,789,108</u>	<u>\$ 21,751</u>	<u>\$ 7,810,859</u>

See accompanying notes to financial statements

OLD REDFORD ACADEMY

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

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

Total Governmental Fund Balances	\$ 5,915,602
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$25,502,227 and the accumulated depreciation / amortization is \$8,067,540.	17,434,687
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(18,987,385)</u>
Net Position of Governmental Activities	<u>\$ 4,362,904</u>

See accompanying notes to financial statements

OLD REDFORD ACADEMY

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

	General	Non-Major Special Revenue - Food Services	Total
Revenues			
Local sources	\$ 88,195	\$ -	\$ 88,195
State sources	12,996,600	12,690	13,009,290
Federal sources	1,646,257	667,154	2,313,411
Interdistrict sources	492,761	-	492,761
	15,223,813	679,844	15,903,657
Expenditures			
Instruction			
Basic programs	4,644,215	-	4,644,215
Added needs	1,314,256	-	1,314,256
Support services			
Pupil support services	766,572	-	766,572
Instructional staff support services	1,327,884	-	1,327,884
General administration	1,684,208	-	1,684,208
School administration	968,638	-	968,638
Business support services	461,416	-	461,416
Operations and maintenance	2,625,931	-	2,625,931
Pupil transportation services	243,411	-	243,411
Central support services	571,598	-	571,598
Athletic activities	295,368	-	295,368
Food services	-	742,550	742,550
Community services	162,161	-	162,161
Welfare activities	6,800	-	6,800
Capital outlay	432,394	-	432,394
Debt principal and interest	1,871,913	-	1,871,913
	17,376,765	742,550	18,119,315
Excess (deficiency) of revenues over expenditures	(2,152,952)	(62,706)	(2,215,658)
Other Financing Sources (Uses)			
Operating transfers in	-	62,702	62,702
Operating transfers out	(62,702)	-	(62,702)
	(62,702)	62,702	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,215,654)	(4)	(2,215,658)
Fund balance - July 1, 2024	8,130,280	980	8,131,260
Fund balance - June 30, 2025	\$ 5,914,626	\$ 976	\$ 5,915,602

See accompanying notes to financial statements

OLD REDFORD ACADEMY

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

Net Change in Fund Balances - Total Governmental Funds \$ (2,215,658)

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	\$ 432,394	
Depreciation and amortization expense	<u>(1,760,868)</u>	(1,328,474)

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	<u>1,251,725</u>
-----------------------------	------------------

Change in Net Position of Governmental Activities \$ (2,292,407)

OLD REDFORD ACADEMY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Old Redford Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, and began operation in July 1999.

The Academy extended its agreement with Central Michigan University's Board of Trustees to reauthorize a public school academy through June 30, 2026. 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 Central Michigan 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 \$271,600.

The Academy, as defined in their charter contract, is currently seeking a three-year extension of their contract, which they expect to receive on or about June 1, 2026. They have received no indicators the contract would not be renewed and would be sent notice at least six months prior to this date if the sponsor did not plan to renew.

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

Fund Financial Statements

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

Basis of Presentation – Fund Accounting

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

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental Funds

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

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

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

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

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

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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

Cash and Cash Equivalents

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

Receivables

Due from other governmental units at June 30, 2025 consist 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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

All reported capital assets, with the exception of land or construction in progress, 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 of regulations of other governments.

Net position is displayed in the following three components:

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Fund Balance

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

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

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

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts 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 another fund and that has not been restricted, committed, or assigned to specific purposes within the general fund.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 of facilities. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

Key estimates and 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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Implemented and Upcoming Accounting Pronouncements

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

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

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

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

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2025 the budget was amended in a legally permissible manner. During the year ended June 30, 2025 the Academy incurred expenditures in certain budgetary functions that were in excess of the amounts appropriated however total expenditures were less than total board appropriations, as detailed on page 20 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

OLD REDFORD ACADEMY

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2025, \$4,545,697 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. As of June 30, 2025, the Academy held no investments.

Foreign Currency Risk

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

Fair Value

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

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

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

OLD REDFORD ACADEMY

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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

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

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$ 77,205
State sources	2,083,144
Federal sources	<u>798,758</u>
Total	<u>\$ 2,959,107</u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2025</u>
Capital assets subject to depreciation / amortization				
Right to use - assets	\$ 23,929,224	\$ -	\$ -	\$ 23,929,224
Furniture and equipment	<u>1,140,609</u>	<u>432,394</u>	<u>-</u>	<u>1,573,003</u>
Sub-total	25,069,833	432,394	-	25,502,227
Accumulated depreciation / amortization				
Right to use - assets	5,197,812	1,732,604	-	6,930,416
Furniture and equipment	<u>1,108,860</u>	<u>28,264</u>	<u>-</u>	<u>1,137,124</u>
Sub-total	<u>6,306,672</u>	<u>1,760,868</u>	<u>-</u>	<u>8,067,540</u>
Total net capital assets	<u>\$ 18,763,161</u>	<u>\$ (1,328,474)</u>	<u>\$ -</u>	<u>\$ 17,434,687</u>

OLD REDFORD ACADEMY

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

NOTE 5 - CAPITAL ASSETS - Continued

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

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses can be summarized as follows:

Purchased services - payroll and benefits	\$ 712,227
University oversight fee	49,629
Other accrued expenses	<u>202,582</u>
Total other accrued expenses	<u><u>\$ 964,438</u></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>
Direct borrowing - building	3.00%	July 2035	Facilities lease
Direct borrowing - building	3.00%	June 2041	Facilities lease

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>
Direct borrowing - building	\$ 6,426,004	\$ -	\$ 601,245	\$ 5,824,759	\$ 639,523
Direct borrowing - building	13,813,106	-	650,480	13,162,626	691,019
	<u>\$ 20,239,110</u>	<u>\$ -</u>	<u>\$ 1,251,725</u>	<u>\$ 18,987,385</u>	<u>\$ 1,330,542</u>

OLD REDFORD ACADEMY

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	\$ 1,330,542	\$ 552,953
2027	1,370,488	512,512
2028	1,412,607	470,855
2029	1,453,963	427,921
2030	1,496,572	383,750
2031 - 2035	6,674,077	1,242,847
2036 - 2040	4,945,811	430,779
2041	303,325	6,254

NOTE 8 – RELATED PARTY TRANSACTIONS

The C.R. Smith Foundation was established for the purpose of raising funds for non-profit educational institutions in the metropolitan Detroit area. The Foundation provides financial support to the Academy through securing financing for facilities, as well as cash contributions. The Academy had a balance in accounts payable of \$12,001 to the Foundation.

In December 2005, the Academy entered into a lease financing agreement with C.R. Smith Foundation for the construction and equipping of a new elementary school. The agreement called for the Foundation to finance the construction through issuance of limited obligation revenue bonds. These bonds are to be repaid over ten months annually starting in June 2006 and ending in June 2035 through Old Redford Academy by way of a “set-aside” of the Academy’s State School Aid, not to exceed 20%. These monies are held in trust by U.S. Bank until such time as principal and interest become due. In the event that there is insufficient funds held in trust to make the necessary bond payments, Old Redford Academy pledges to use any and all other available funds up to and including 97% of its State School Aid. The total amount paid under this agreement for the year ended June 20, 2025 was \$807,019.

In November 2010, the Academy entered into a lease financing agreement with C.R. Smith Foundation for the construction and equipping of a new middle school. The agreement called for the Foundation to finance the construction through issuance of limited obligation revenue bonds. These bonds are to be repaid over ten months annually starting in June 2012 and ending in June 2041 through Old Redford Academy by way of a “set-aside” of the Academy’s State School Aid, not to exceed 20%. These monies are held in trust by U.S. Bank until such time as principal and interest become due. In the event that there are insufficient funds held in trust to make the necessary bond payments, Old Redford Academy pledges to use any and all other available funds up to and including 97% of its State School Aid. The total amount paid under this agreement for the year ended June 20, 2025 was \$1,075,028.

Additional information regarding leases is described at Note 7.

OLD REDFORD ACADEMY

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

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

OLD REDFORD ACADEMY

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 50,500	\$ 47,000	\$ 88,195	\$ 41,195
State sources	12,008,663	12,703,359	12,996,600	293,241
Federal sources	1,343,892	1,656,528	1,646,257	(10,271)
Interdistrict sources	845,489	896,086	492,761	(403,325)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	14,248,544	15,302,973	15,223,813	(79,160)
Expenditures				
Instruction				
Basic programs	4,255,901	4,841,509	4,644,215	(197,294)
Added needs	1,309,247	1,339,952	1,314,256	(25,696)
Support services				
Pupil support services	755,910	793,064	766,572	(26,492)
Instructional staff support services	1,215,670	1,343,730	1,327,884	(15,846)
General administration	1,620,077	1,706,906	1,684,208	(22,698)
School administration	995,029	990,828	968,638	(22,190)
Business support services	461,908	462,800	461,416	(1,384)
Operations and maintenance	2,485,192	2,608,261	2,625,931	17,670
Pupil transportation services	304,373	218,019	243,411	25,392
Central support services	511,530	547,625	571,598	23,973
Athletic activities	274,098	302,840	295,368	(7,472)
Community services	124,370	149,733	162,161	12,428
Welfare Activities	-	6,800	6,800	-
Capital outlay	-	432,400	432,394	(6)
Debt principal and interest	1,881,854	1,881,854	1,871,913	(9,941)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	16,195,159	17,626,321	17,376,765	(249,556)
Excess (deficiency) of revenues over expenditures	(1,946,615)	(2,323,348)	(2,152,952)	170,396
Other Financing Sources (Uses)				
Operating transfers out	-	(68,643)	(62,702)	5,941
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,946,615)	(2,391,991)	(2,215,654)	176,337
Fund balance - July 1, 2024	8,130,280	8,130,280	8,130,280	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2025	\$ 6,183,665	\$ 5,738,289	\$ 5,914,626	\$ 176,337
	<hr/>	<hr/>	<hr/>	<hr/>

SUPPLEMENTARY INFORMATION

OLD REDFORD ACADEMY

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

Local Sources

Student activities	\$ 33,084
Other local revenues	55,111
	<hr/>
Total local sources	88,195

State Sources

At risk	2,136,400
Great start readiness program	419,323
Special education	335,541
State aid	10,105,336
	<hr/>
Total state sources	12,996,600

Federal Sources

IDEA	191,436
Title I	730,812
Title II A	96,107
Title IV	127,131
Other program revenue	500,771
	<hr/>
Total federal sources	1,646,257

Interdistrict Sources

	492,761
	<hr/>
Total general fund revenues	\$ 15,223,813
	<hr/> <hr/>

OLD REDFORD ACADEMY

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

Basic Programs

Purchased services	\$ 4,201,212
Other purchased services	3,593
Supplies and materials	427,096
Non-depreciable capital assets	<u>12,314</u>
Total basic programs	4,644,215

Added Needs

Purchased services	1,313,969
Supplies and materials	<u>287</u>
Total added needs	1,314,256

Pupil Support Services

Truancy / Absenteeism	421
Guidance services	113,023
Health services	72,938
Psychological services	25,920
Speech pathology and audiology	128,400
Social work services	<u>425,870</u>
Total pupil support services	766,572

Instructional Staff Support Services

Purchased services	1,327,673
Supplies and materials	<u>211</u>
Total instructional staff support services	1,327,884

General Administration

Purchased services	461,817
Management fees	911,979
University oversight	271,647
Supplies and materials	17,219
Other expenditures	<u>21,546</u>
Total general administration	1,684,208

OLD REDFORD ACADEMY

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

School Administration

Purchased services	815,398
Rentals	60,600
Supplies and materials	90,636
Other expenditures	2,004

Total school administration 968,638

Business Support Services

Purchased services	267,424
Other expenditures	193,992

Total business support services 461,416

Operations and Maintenance

Purchased services	1,380,378
Repairs and maintenance	535,242
Rentals	165,623
Supplies and materials	539,513
Other expenditures	5,175

Total operations and maintenance 2,625,931

Pupil Transportation Services

Purchased services	233,721
Supplies and materials	9,690

Total pupil transportation services 243,411

Central Support Services

Purchased services	526,591
Non-depreciable capital assets	42,937
Other expenditures	2,070

Total central support services 571,598

OLD REDFORD ACADEMY

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

Athletic Activities

Purchased services	187,575
Other purchased services	79,638
Supplies and materials	25,255
Other expenditures	2,900

Total athletic activities 295,368

Community Services

Purchased services	152,243
Supplies and materials	9,918

Total community services 162,161

Welfare Activities

Supplies and materials	6,800
------------------------	-------

Capital Outlay

432,394

Debt Principal and Interest

1,871,913

Total general fund expenditures \$ 17,376,765