

EAGLE'S NEST ACADEMY
Flint, Michigan

FINANCIAL STATEMENTS
June 30, 2025



Gardner | Provenzano
Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

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Gardner | Provenzano Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
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INDEPENDENT AUDITOR'S REPORT

October 14, 2025

To the Board of Directors
Eagle's Nest Academy

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle's Nest Academy, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Eagle's Nest Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of Eagle's Nest 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eagle's Nest 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 Eagle's Nest Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

To the Board of Directors
Eagle's Nest Academy
Page Three

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025 on our consideration of Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest Academy's internal control over financial reporting and compliance.

Gardner, Provenzano, Thomas & Luplow

Certified Public Accountants
Saginaw, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAGLE'S NEST ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

This section of the annual financial report presents management's discussion and analysis of Eagle's Nest Academy's financial results for the fiscal year ended June 30, 2025. Please read this along with the financial statements that follow for a comprehensive understanding of the financial position of the Academy.

Using This Report

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Academy as a whole (government-wide statements) and in more detail (governmental fund statements) showing the year's activity by fund.

Academy Wide Financial Statements

The Academy Wide Financial Statements appear first and report all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of activities covers all of the Academy's services including instruction and support services which are financed through Unrestricted State Aid and State and Federal grants. In addition, revenue less expense results in the change in net position, which can either increase or decrease on an annual basis.

Fund Financial Statements

The Fund Financial Statements are reported on a modified accrual basis and are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. The Academy uses funds to help control and manage money for specific purposes or to meet legal responsibilities for certain grants. Funds provide a detailed short-term view of the operations and services of the Academy, show how money flows through and out of funds, and the balances left at year-end. Reviewing the funds helps the reader consider whether the Academy is accountable for the resources taxpayers and others provide and gives insight into the Academy's overall financial health.

The relationship between governmental activities (Academy Wide Financial Statements) and governmental fund activities (Fund Financial Statements) will be reconciled later in the report.

EAGLE'S NEST ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Condensed Financial Statements

Analysis of Overall Financial Position and Results of Operations

The table below provides a summary of the Academy's net position as of June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Assets		
Current and other assets	\$ 935,685	\$ 803,210
Capital assets - net	<u>1,225,098</u>	<u>1,171,604</u>
Total assets	<u><u>2,160,783</u></u>	<u><u>1,974,814</u></u>
Liabilities		
Current liabilities	1,047,849	780,967
Noncurrent liabilities	<u>942,640</u>	<u>993,263</u>
Total liabilities	<u><u>1,990,489</u></u>	<u><u>1,774,230</u></u>
Net position		
Net investment in capital assets	17,963	(70,089)
Unrestricted	<u>152,331</u>	<u>270,673</u>
Total net position	<u><u>\$ 170,294</u></u>	<u><u>\$ 200,584</u></u>

The Academy's net position was \$170,294 at June 30, 2025. Net investment in capital assets of \$17,963 was computed by taking the original cost of the assets and subtracting the depreciation/amortization expense and related debt. The remaining amount of net position \$152,331 is unrestricted and represents the accumulation of prior and current years' operations. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

The Academy's results of operations for the years ended June 30, 2025 and 2024 are reported on the following page.

EAGLE'S NEST ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Condensed Financial Statements
Analysis of Overall Financial Position and Results of Operations
(continued)

	<u>2025</u>	<u>2024</u>
Revenue		
Program revenue		
Grants and contributions	\$ 1,270,457	\$ 1,204,852
General revenue		
State foundation allowance	1,590,626	1,847,693
Other	66,146	33,605
Total revenue	<u>2,927,229</u>	<u>3,086,150</u>
Function/program expenses		
Instruction	1,005,020	1,136,886
Support services	1,450,503	1,594,559
Food service	219,891	191,220
Interest	57,911	34,518
Depreciation/amortization (unallocated)	224,194	237,658
Total expenses	<u>2,957,519</u>	<u>3,194,841</u>
Increase (decrease) in net position	<u>\$ (30,290)</u>	<u>\$ (108,691)</u>

Funding for the above activities comes from a variety of sources. Some activities are partially funded by those who benefit from the programs or by grants and categoricals from governments and organizations. The remaining activities are paid for by the State Foundation Allowance and other revenues from local sources.

Budget Highlights

Eagle's Nest Academy's budget was developed according to the Uniform Budget Act of the State of Michigan requirements. The Act requires that the original budget for the upcoming fiscal year be approved prior to July 1, the start of the fiscal year.

<u>General fund</u>	<u>Original</u>	<u>Final</u>	<u>Variance</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 2,760,238	\$ 2,766,896	0.24%	\$ 2,988,083	7.40%
Total expenditures	2,743,664	2,808,286	2.30%	3,100,337	9.42%
Excess revenue/expenditures	<u>\$ 16,574</u>	<u>\$ (41,390)</u>		<u>\$ (112,254)</u>	

**EAGLE'S NEST ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Budget Highlights (continued)

Changes to the original General Fund budget were as follows:

- When establishing the original 2024/25 revenue and expenditure budget in the summer of 2024 only estimates could be used due to the uncertain state of the amount of the per-pupil foundation grant and uncertainties regarding enrollment. Once student enrollment became known and State aid amounts became certain, in the fall of 2024 new budgets were prepared to reflect an increase in the number of students served from the original estimate. While an increase in the number of students results in more revenue to the Academy, an increase in students' results in required expenditures increasing as well.

Final vs. Actual Budget

- Management believes that the final budget to actual results variances were not significant.

Academy's Funds

General Fund

The General Fund is the primary operating fund for the Academy. For fiscal year ending June 30, 2025, the fund decreased by \$112,254.

Food Service Fund

The Academy maintained the school lunch program for the fiscal year. The food service fund balance remained \$0 at June 30, 2025. The general fund provided the food service fund \$43,312 in support during fiscal 2025.

Capital Assets

As of June 30, 2025, the Academy has \$1,225,098 in capital assets including equipment and leasehold improvements, less depreciation and amortization.

	2025	2024
Equipment and improvements	\$ 1,209,035	\$ 1,162,692
Right to use - leased facility	231,345	1,056,680
Less accumulated depreciation/amortization	(215,282)	(1,047,768)
Net capital assets	<u>\$ 1,225,098</u>	<u>\$ 1,171,604</u>

**EAGLE'S NEST ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Long-term Debt

The Academy entered into an installment purchase agreement for leasehold improvements. A summary of the transactions associated with this obligation follows.

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Installment contracts	\$ 1,042,139	\$ -	\$ 48,876	\$ 993,263
Right to use facility lease	199,554	231,345	217,027	213,872
Total	<u>\$ 1,241,693</u>	<u>\$ 231,345</u>	<u>\$ 265,903</u>	<u>\$ 1,207,135</u>

Conditions Affecting Next Year's Budget

Our Board members and administration consider many factors when setting the Academy's 2025/26 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2025/26 fiscal year is 10 percent and 90 percent of the February 2025 and October 2025 student counts, respectively. The 2025/26 budget was adopted in June 2025, based on an estimate of students that will be enrolled in September 2025. Approximately 57 percent of the total General Fund revenue is from the foundation allowance.

As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2025/26 school year, we anticipate that the fall student count will be similar to the estimates used in creating the 2025/26 budget. Once the final student count and related per pupil funding is validated, State law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

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 academies. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation. The overall State economy remains a cause for concern, and the Academy will continue to be properly cautious in fiscal matters.

Requests for Information

This report is designed to provide our stakeholders with a general overview of the Academy's finances. If you have questions about this report or need additional information, contact the Academy, 5005 Cloverlawn Drive, Flint, Michigan 48504.

BASIC FINANCIAL STATEMENTS

EAGLE'S NEST ACADEMY
Academy Wide
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 436,817
Receivables	498,868
Capital assets less accumulated depreciation/amortization	<u>1,225,098</u>
Total Assets	<u>2,160,783</u>
Liabilities	
Current liabilities	
Accounts payable	325,586
Accrued expenses	110,913
Due to management company	21,945
Unearned revenue	324,910
Right to use facility lease payable, due within one year	213,872
Installment contract due within one year	50,623
Long-term liabilities	
Installment contract due in more than one year	<u>942,640</u>
Total Liabilities	<u>1,990,489</u>
Net Position	
Net investment in capital assets	17,963
Unrestricted	<u>152,331</u>
Total Net Position	<u>\$ 170,294</u>

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY
District Wide
Statement of Activities
For the Year Ended June 30, 2025

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Position</u>
Functions/Programs				
Instruction	\$ 1,005,020	\$ -	\$ 868,719	\$ (136,301)
Support services	1,450,503	-	225,159	(1,225,344)
Food service	219,891	-	176,579	(43,312)
Interest	57,911	-	-	(57,911)
Amortization (unallocated)	197,581	-	-	(197,581)
Depreciation (unallocated)	26,613	-	-	(26,613)
Totals	<u>\$ 2,957,519</u>	<u>\$ -</u>	<u>\$ 1,270,457</u>	<u>(1,687,062)</u>
General revenues:				
State aid - unrestricted				1,590,626
Other				66,146
Total General Revenues				<u>1,656,772</u>
Change in Net Position				(30,290)
Net Position - Beginning of Year				200,584
Net Position - End of Year				<u>\$ 170,294</u>

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	(Non-Major Fund) Food Service	Totals
<u>Assets</u>			
Cash	\$ 436,817	\$ -	\$ 436,817
Due from other governmental units	444,883	-	444,883
Accounts receivable	53,985	-	53,985
Total Assets	<u>\$ 935,685</u>	<u>\$ -</u>	<u>\$ 935,685</u>
<u>Liabilities</u>			
Liabilities			
Accounts payable	\$ 325,586	\$ -	\$ 325,586
Accrued expenses	110,913	-	110,913
Due to management company	21,945	-	21,945
Unearned revenue	324,910	-	324,910
Total Liabilities	<u>783,354</u>	<u>-</u>	<u>783,354</u>
<u>Fund balance</u>			
Unassigned	152,331	-	152,331
Total Fund Balance	<u>152,331</u>	<u>-</u>	<u>152,331</u>
Total Liabilities and Fund balance	<u>\$ 935,685</u>	<u>\$ -</u>	<u>\$ 935,685</u>

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY
Reconciliation of Balance Sheet of Governmental Funds to Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	\$ 152,331
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds.

The cost of the capital assets are:	1,440,380
Accumulated depreciation/amortization is:	(215,282)

Long-term liabilities are not due and payable in the current
period and are not reported in the funds.

Installment contract	(993,263)
Liability on right to use asset	(213,872)

Total Net Position - Governmental Activities (Academy Wide)	<u>\$ 170,294</u>
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The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY
Governmental Funds
Statement of Revenue, Expenses, and Changes in Fund Balances
For the Year Ended June 30, 2025

	General	(Non-Major Fund) Food Service	Totals
Revenue			
Local	\$ 72,234	\$ -	\$ 72,234
State	2,304,633	4,160	2,308,793
Federal	379,871	172,419	552,290
Total Revenue	<u>2,756,738</u>	<u>176,579</u>	<u>2,933,317</u>
Expenditures			
Instruction			
Basic programs	712,353	-	712,353
Added needs	292,667	-	292,667
Support Services			
Pupil services	79,773	-	79,773
Staff	142,916	-	142,916
General administration	87,281	-	87,281
School administration	189,157	-	189,157
Business	555,732	-	555,732
Operation and maintenance	788,190	-	788,190
Transportation	67,975	-	67,975
Central services	18,817	-	18,817
Community service	19,741	-	19,741
Other	102,423	-	102,423
Food service	-	219,891	219,891
Total Expenditures	<u>3,057,025</u>	<u>219,891</u>	<u>3,276,916</u>
Excess (Deficiency) of Revenues over Expenditures	(300,287)	(43,312)	(343,599)
Other Financing Sources (Uses)			
Operating transfers in/out	(43,312)	43,312	-
Proceeds from lease obligations	231,345	-	231,345
Total Other Financing Sources (Uses)	<u>188,033</u>	<u>43,312</u>	<u>231,345</u>
Net Change in Fund Balances	(112,254)	-	(112,254)
Fund Balance, Beginning of Year	<u>264,585</u>	<u>-</u>	<u>264,585</u>
Fund Balance, End of Year	<u>\$ 152,331</u>	<u>\$ -</u>	<u>\$ 152,331</u>

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Governmental Funds	\$	(112,254)
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are capitalized
and depreciated over their estimated useful lives.

Capital outlay		277,688
Depreciation expense		(26,613)
Amortization expense		(197,581)

Revenues in the statement of activities that do not provide current
financial resources are not reported in the funds.

Operating grant		(6,088)
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Lease proceeds are an other financing source in the governmental funds,
but not in the Academy Wide statement of activities

Obligation under right to use asset		(231,345)
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Repayment of principal is an expenditure in the governmental
funds, but not in the Academy Wide statement of activities.

Obligation under installment agreement		48,876
Obligation under right to use asset		217,027

Change in Net Position of Governmental Activities (Academy Wide)	\$	(30,290)
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The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies

Eagle's Nest Academy was formed as a Charter School Academy pursuant to the Michigan School Code of 1976, as amended by Act 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.

In July 2015, the Academy entered into an agreement with Grand Valley State University to operate as a public-school academy. The Academy began operations as a public-school academy in the 2015/2016 school year. The Academy is required to act exclusively as a governmental agency and is prohibited from taking any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Grand Valley State University 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 two percent of unrestricted state aid as administrative fees. The total administrative fees incurred to Grand Valley State University for the year ended June 30, 2025, was \$45,977.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

A. Academy-Wide Statements

The statement of net position and the statement of activities display information about the Academy as a whole. The usual purpose of these statements is to distinguish between activities that are governmental and those that are considered business-type activities. Currently, all activities of the Academy are considered to be governmental.

The Academy-wide statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. This basis is different from the manner in which the governmental fund financial statements are prepared. Therefore, reconciliations are included to identify the relationship between the Academy-wide statements and the statements for the governmental funds.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

A. Academy-Wide Statements (continued)

The Academy-wide statement of activities presents a comparison between program expenses and program revenues; revenues that are not classified as direct program revenues are presented as general revenues. The comparison of program expenses and revenues identify the extent to which each program is self-financed or draws resources from the Academy.

The Academy-wide approach is focused more on the sustainability of the Academy as an entity and the change in the Academy's net position from the current year's activities.

B. Fund Financial Statements

The accounts of the Academy are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following fund types are used by the Academy:

Governmental Funds

The governmental fund statements are prepared using the current resources measurement focus and the modified accrual basis of accounting. The fund approach is focused on the currently available resources and changes in the currently available resources of the Academy.

General Fund is the general operating fund of the Academy. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for a specified purpose. The Special Revenue Fund maintained by the Academy is the Food Service Fund. The Food Service Fund is intended to be self-supporting.

Usually, the emphasis in fund financial statements is on the major funds. The Academy has opted to display information for all funds without regard to the criteria for determination of major funds as determined by GASB 34. However, only the general fund met the criteria as a major fund.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures /expenses are recognized in the accounts and reported in the financial statements. Accounting basis relates to the timing of the measurements made regardless of the measurement focus applied.

Full Accrual

The full accrual basis of accounting requires recognition of revenues when earned and expenses when incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method is used for the Academy-Wide statements.

Modified Accrual

The modified accrual basis recognizes revenues when they are measurable and available, available means collectible within the current period or within 60 days after year-end. Expenditures are still recognized when incurred; however, principal and interest on long-term debt is recognized when payment is due. This method is used for the Fund Level statements.

The most significant difference between the full accrual basis of accounting and the modified accrual basis of accounting is the way in which capital assets and long-term debt are recognized. The full accrual basis of accounting recognizes purchases of capital assets as an asset and long-term debt proceeds as a liability (similar to a for-profit business). The modified accrual basis of accounting recognizes the purchase of capital assets as expenditures and long-term debt proceeds as other revenue sources.

D. Financial Statement Amounts

Cash

Cash includes cash on hand and demand deposits.

Receivables

Receivables consist of all revenues earned at year-end but not yet received.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

D. Financial Statement Amounts (continued)

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Academy does not possess infrastructure type assets.

Depreciation on all assets is provided on the straight-line method over the following estimated useful lives:

Leasehold Improvements	50 years
Equipment	10 years

Accounts Payable

Accounts payable consist of items from which the Academy benefited during the current fiscal year but has not yet paid.

Unearned Revenue

Unearned revenue represents amounts for which the Academy has received or is due to receive but has not yet earned. Unearned revenue is usually caused by the receipt of grant program revenues in excess of expenses/expenditures related to the grant. The unearned revenues are deferred until the proceeds have been fully expensed/expended at which time they will be reclassified to earned revenues. The Academy had unearned revenue of \$324,910 at June 30, 2025.

Due to Management Company

Due to Management Company consists of administrative fees and unreimbursed expenses/expenditures that are due and payable for the current fiscal year.

Inter-fund Activity

Inter-fund activity is reported as transfers and is eliminated upon consolidation.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the Board of the Academy for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of the Academy.
- Assigned – Intent to spend resources on specific purposes expressed by the Board of the Academy.
- Unassigned – Amounts that are available for any purpose.

The Academy did not have any restricted or committed fund balance as of June 30, 2025.

Net position flow assumption

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

Fund balance flow assumptions

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

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

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

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

Leases

The Academy is a lessee for a noncancelable lease of a building. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Academy recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Leases (continued)

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

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 14, 2025, which is the date the financial statements were available to be issued.

NOTE 2--Stewardship, Compliance, and Accountability

The Academy formally adopted a General Fund and Food Service Fund budget by activity for the year ended June 30, 2025. State law requires the Academy to have its budget in place before July 1. Unexpended appropriations lapse at year-end; encumbrances are not formally recorded.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Budgeted amounts presented in the financial statements are amended by the Board of Directors.

State law permits Academies to amend their budgets during the year. The budgetary comparison presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. Expenditures in excess of amounts budgeted are a violation of Michigan law.

The Academy's expenditure budget variances are illustrated in the required supplemental information.

NOTE 3--Deposits and Investments

The Academy is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

EAGLE'S NEST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments (continued)

The Academy is also authorized to invest in the following:

- a. Direct bonds and obligations of the U.S. or agency or instrumentality,
- b. CDs, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency,
- c. Commercial paper – within three highest rate classifications by at least two rating services, maturing not later than 270 days,
- d. U.S. or agency repurchase agreements,
- e. Banker's acceptance of U.S. banks, and
- f. Mutual funds – investments which local unit can make directly.

As of year-end, the carrying amount of the Academy deposits was \$436,817 and the bank balances were \$411,667. The Academy had uninsured bank balances of \$144,414 at June 30, 2025. The Academy has not adopted an investment policy and does not hold any investments.

NOTE 4--Capital Assets and Accumulated Depreciation

Capital asset activity of the Academy was as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets subject to depreciation/amortization				
Equipment and improvements	\$ 1,162,692	\$ 46,343	\$ -	\$ 1,209,035
Right to use - leased facility	1,056,680	231,345	1,056,680	231,345
Total capital assets	<u>2,219,372</u>	<u>277,688</u>	<u>1,056,680</u>	<u>1,440,380</u>
Accumulated depreciation/amortization				
Equipment and improvements	184,813	26,613	-	211,426
Right to use - leased facility	862,955	197,581	1,056,680	3,856
Total accumulated depreciation/amortization	<u>1,047,768</u>	<u>224,194</u>	<u>1,056,680</u>	<u>215,282</u>
Total net capital assets	<u>\$ 1,171,604</u>	<u>\$ 53,494</u>	<u>\$ -</u>	<u>\$ 1,225,098</u>

Allocation of depreciation and amortization to a specific program/function is not practical. Therefore, depreciation totaling \$26,613 and amortization of \$197,581 were not allocated for the year end June 30, 2025.

NOTE 5--Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2025, the Academy carried commercial insurance.

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6--Management Contract

During the year ended June 30, 2023, the Academy entered into a management agreement with Entrepreneurial Ventures in Education (EVE) that will remain in effect until the end of the Academy's Charter School authorization. Under the terms of the agreement, EVE provides various services to include general educational services, student marketing, financial services, and employee management. The Academy pays EVE 12% of total revenue. Fees paid to EVE for these services during the year ended June 30, 2025 totaled \$341,531.

NOTE 7--Due to Management Company

The Academy owed EVE \$21,945 for management fees incurred during the 2024/25 school year at June 30, 2025.

NOTE 8--Lease Commitments

The Academy extended its original school facilities lease with the North Flint Reinvestment Corporation (NFRF) for the thirteen month period beginning in June 2024 and ending in June 2025. The basic annual rent during the term of the lease is equal to 15% of the Academy's per pupil state aid payments. The amount of the lease payments may be reduced to the extent necessary to ensure that the Academy is making its loan payments on a timely basis. Total rent incurred under this lease was \$172,250 for the year ended June 30, 2025.

NOTE 9--Long-Term Debt

In January 2017, the Academy executed an installment purchase agreement with IFF to finance leasehold improvements. The installment agreement was refinanced in October 2017 and again in January 2024. The amount financed in January 2024 was \$1,061,760. The interest rate through March 31, 2026 is 5.25% and moves to 6.75% on April 1, 2026. The agreement's monthly payment through March 31, 2026 is \$8,535. Beginning April 1, 2026 the monthly payment increases to \$9,281. The loan will be paid in full on February 1, 2029. The outstanding principal balance on June 30, 2024 is \$1,042,139. Payments on this obligation are recorded in the general fund. Estimated principal and interest payments are as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 50,623	\$ 53,292	\$ 103,915
2027	49,252	62,123	111,375
2028	52,681	58,694	111,375
2029	840,707	37,108	877,815
	<u>\$ 993,263</u>	<u>\$ 211,217</u>	<u>\$ 1,204,480</u>

EAGLE'S NEST ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9--Long-Term Debt (continued)

A summary of long-term debt transactions follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Installment contracts	\$ 1,042,139	\$ -	\$ 48,876	\$ 993,263	\$ 50,623
Right to use facility lease	199,554	231,345	217,027	213,872	213,872
Total	<u>\$ 1,241,693</u>	<u>\$ 231,345</u>	<u>\$ 265,903</u>	<u>\$ 1,207,135</u>	<u>\$ 264,495</u>

NOTE 10--Grant Programs

All grant programs are subject to a final audit from the grantor agency, the outcome of which may or not result in disallowed costs that the Academy may be required to be paid back.

NOTE 11--Interfund – Receivables, Payables, and Transfers

The makeup of transfers are as follows:

Fund	Transfer from General Fund	Fund	Transfer to Food Service
Food service	<u>\$ 43,312</u>	General	<u>\$ 43,312</u>

Transfers use unrestricted revenues collected in the general fund to finance programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers were made from the general fund to the food service fund to assist with the costs of the Academy's food service program.

NOTE 12--Upcoming Accounting Pronouncements

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

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

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12--Upcoming Accounting Pronouncements (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 of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

EAGLE'S NEST ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12--Upcoming Accounting Pronouncements (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 assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE'S NEST ACADEMY
Budgetary Comparison
For the Year Ended June 30, 2025

	General Fund				Food Service			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenue								
Local	\$ 30,341	\$ 9,460	\$ 72,234	\$ 62,774	\$ -	\$ -	\$ -	\$ -
State	2,507,666	2,334,004	2,304,633	(29,371)	3,463	6,361	4,160	(2,201)
Federal	222,231	423,432	379,871	(43,561)	197,571	167,763	172,419	4,656
Incoming transfers and other	-	-	231,345	231,345	-	28,134	43,312	15,178
Total revenue	<u>2,760,238</u>	<u>2,766,896</u>	<u>2,988,083</u>	<u>221,187</u>	<u>201,034</u>	<u>202,258</u>	<u>219,891</u>	<u>17,633</u>
Instruction								
Basic programs	697,917	709,377	712,353	(2,976)	-	-	-	-
Added needs	300,889	291,739	292,667	(928)	-	-	-	-
Support Services								
Pupil services	60,167	82,715	79,773	2,942	-	-	-	-
Staff	84,825	138,905	142,916	(4,011)	-	-	-	-
General administration	92,951	89,605	87,281	2,324	-	-	-	-
School administration	218,290	186,829	189,157	(2,328)	-	-	-	-
Business	562,756	535,603	555,732	(20,129)	-	-	-	-
Operation and maintenance	520,736	537,446	788,190	(250,744)	-	-	-	-
Transportation	70,350	67,975	67,975	-	-	-	-	-
Central services	32,012	25,039	18,817	6,222	-	-	-	-
Community service	348	12,496	19,741	(7,245)	-	-	-	-
Other	102,423	102,423	102,423	-	-	-	-	-
Outgoing transfers and other	-	28,134	43,312	(15,178)	-	-	-	-
Food service	-	-	-	-	199,616	202,258	219,891	(17,633)
Total expenditures	<u>2,743,664</u>	<u>2,808,286</u>	<u>3,100,337</u>	<u>(292,051)</u>	<u>199,616</u>	<u>202,258</u>	<u>219,891</u>	<u>(17,633)</u>
Excess (Deficiency) of revenues over expenditures	16,574	(41,390)	(112,254)	(70,864)	1,418	-	-	-
Fund Balance - Beginning of Year	264,585	264,585	264,585	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 281,159</u>	<u>\$ 223,195</u>	<u>\$ 152,331</u>	<u>\$ (70,864)</u>	<u>\$ 1,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADDITIONAL SUPPLEMENTAL INFORMATION



**Gardner | Provenzano
Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather A. Thomas
Brett A. Luplow

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

October 14, 2025

To the Board of Directors
Eagle's Nest Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Eagle's Nest Academy's basic financial statements and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle's Nest Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle's Nest Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle's Nest 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Eagle's Nest Academy
Page Two

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mardner, Provenzano, Thomas & Luplow

Certified Public Accountants
Saginaw, Michigan