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### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The New Standard Academy's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of The New Standard 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 New Standard 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 New Standard Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan  
October 29, 2024

# THE NEW STANDARD ACADEMY

## STATEMENT OF NET POSITION JUNE 30, 2024

### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 1,972,681
Deposits	20,170
Due from other governmental units	3,580,694
Prepaid expenses	99,606
	<hr/>
Total current assets	5,673,151

#### Capital Assets - Net of Accumulated Depreciation / Amortization

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1,227,072

Total assets \$ 6,900,223

### LIABILITIES AND NET POSITION

#### Current Liabilities

Accounts payable	\$ 2,308,745
Unearned revenue	1,506,097
Other accrued liabilities	764,789
Long-term debt - current portion	206,227
	<hr/>
Total current liabilities	4,785,858

#### Long-Term Debt - Long-Term Portion

1,691

#### Net Position

Net investment in capital assets	1,019,154
Restricted for food operations	144,511
Unrestricted	949,009
	<hr/>
Total net position	2,112,674
	<hr/>
Total liabilities and net position	<u><u>\$ 6,900,223</u></u>

See accompanying notes to financial statements

# THE NEW STANDARD ACADEMY

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 3,970,116	\$ -	\$ 596,006	\$ (3,374,110)
Added needs	1,348,356	-	1,328,389	(19,967)
Support services				
Pupil support services	162,967	-	67,820	(95,147)
Instructional staff support services	290,395	-	278,018	(12,377)
General administration	985,707	-	-	(985,707)
School administration	446,895	-	-	(446,895)
Business support services	116	-	-	(116)
Operations and maintenance	1,397,564	-	470,385	(927,179)
Pupil transportation services	489,150	-	48,733	(440,417)
Central support services	99,839	-	142	(99,697)
Student activities	165,996	-	63,423	(102,573)
Athletic activities	394,010	32,876	-	(361,134)
Food services	797,300	-	767,969	(29,331)
Building improvement services	1,508	-	11,533	10,025
Unallocated depreciation / amortization	936,996	-	-	(936,996)
Unallocated interest	23,829	-	-	(23,829)
Total primary government	\$ 11,510,744	\$ 32,876	\$ 3,632,418	(7,845,450)
<b>General Purpose Revenues</b>				
State school aid - unrestricted				7,769,522
Miscellaneous revenues				36,108
Total general purpose revenues				7,805,630
Change in net position				(39,820)
Net position - July 1, 2023				2,152,494
Net position - June 30, 2024				\$ 2,112,674

See accompanying notes to financial statements



# THE NEW STANDARD ACADEMY

## COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2024

### ASSETS

	<u>General</u>	<u>Non Major Special Revenue - Food Services</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,972,681	\$ -	\$ 1,972,681
Deposits	20,170	-	20,170
Due from other governmental units	3,580,694	-	3,580,694
Due from other funds	-	144,511	144,511
Prepaid expenses	99,606	-	99,606
 Total assets	 <u>\$ 5,673,151</u>	 <u>\$ 144,511</u>	 <u>\$ 5,817,662</u>

### LIABILITIES AND FUND BALANCE

#### Liabilities

Accounts payable	\$ 2,308,745	\$ -	\$ 2,308,745
Due to other funds	144,511	-	144,511
Unearned revenue	1,506,097	-	1,506,097
Other accrued expenses	764,789	-	764,789
 Total liabilities	 4,724,142	 -	 4,724,142

#### Fund Balance

Nonspendable	119,776	-	119,776
Restricted	-	144,511	144,511
Unassigned	829,233	-	829,233
 Total fund balance	 <u>949,009</u>	 <u>144,511</u>	 <u>1,093,520</u>
 Total liabilities and fund balance	 <u>\$ 5,673,151</u>	 <u>\$ 144,511</u>	 <u>\$ 5,817,662</u>

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

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

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

<b>Total Governmental Fund Balances</b>	\$ 1,093,520
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,483,098 and the accumulated depreciation / amortization is \$3,256,026.	1,227,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(207,918)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 2,112,674</u></u>

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

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

	<u>General</u>	<u>Non-Major Special Revenue - Food Services</u>	<u>Total</u>
<b>Revenues</b>			
Local sources	\$ 68,984	\$ -	\$ 68,984
State sources	8,973,843	9,177	8,983,020
Federal sources	1,621,961	751,242	2,373,203
Interdistrict sources	45,717	-	45,717
	<hr/>	<hr/>	<hr/>
Total governmental fund revenues	10,710,505	760,419	11,470,924
<b>Expenditures</b>			
Instruction			
Basic programs	3,970,116	-	3,970,116
Added needs	1,348,356	-	1,348,356
Support services			
Pupil support services	162,967	-	162,967
Instructional staff support services	290,395	-	290,395
General administration	985,707	-	985,707
School administration	446,895	-	446,895
Business support services	116	-	116
Operations and maintenance	1,397,564	-	1,397,564
Pupil transportation services	489,150	-	489,150
Central support services	99,839	-	99,839
Student activities	165,996	-	165,996
Athletic activities	394,010	-	394,010
Food services	-	797,300	797,300
Building improvement services	1,508	-	1,508
Capital outlay	130,183	-	130,183
Debt principal and interest	714,943	-	714,943
	<hr/>	<hr/>	<hr/>
Total governmental fund expenditures	10,597,745	797,300	11,395,045
Excess (deficiency) of revenues over expenditures	112,760	(36,881)	75,879
Fund balance - July 1, 2023	836,249	181,392	1,017,641
	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2024	<u>\$ 949,009</u>	<u>\$ 144,511</u>	<u>\$ 1,093,520</u>

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	75,879
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period:

Capital outlay	\$	130,183	
Depreciation and amortization expense		<u>(936,996)</u>	(806,813)

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>691,114</u>
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<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>(39,820)</u>
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# THE NEW STANDARD ACADEMY

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

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of The New Standard 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**

The New Standard 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 May 2012.

In July 2019, the Academy extended an existing contract with the Saginaw Valley State University Board of Control to charter a public-school academy through June 30, 2024. 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 Control is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays the Saginaw Valley State University Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2024 were approximately \$220,720.

In July 2019, the Academy entered into an agreement with The Romine Group, Inc. through June 30, 2024. Under the terms of this agreement, The Romine Group, Inc. provides a variety of services including financial management, educational programs and consulting, as well as teacher training. The Academy is obligated to pay The Romine Group, Inc. ten percent of its state school aid revenue and all other governmental revenue sources. Total compensation in no event shall be less than \$350,000 and no more than \$700,000 in any fiscal year. The total paid for these services amounted to approximately \$700,000 for the year ended June 30, 2024.

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

#### **Fund Financial Statements**

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

#### **Basis of Presentation – Fund Accounting**

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

## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Governmental Funds

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

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

**Special Revenue Fund (Food Service)** - The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

**Debt Service Fund** - The debt service fund, which the Academy does not currently maintain, is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

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

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

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- 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.

## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Government-Wide Financial Statements

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

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment 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 are 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, 2024. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

# THE NEW STANDARD ACADEMY

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### Receivables

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

### Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

### Capital Assets and Depreciation

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

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

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

### Accrued Expenses and Long-Term Obligations

All payables, accrued expenses and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued expenses 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. 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.



## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Net Position

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

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

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

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

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

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

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

#### Fund Equity

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

## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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

### Leases

#### *Leases and Subscription Based IT Arrangements (SBITA)*

The Academy is a lessee for a noncancelable lease/subscription of a building, equipment and an IT arrangement. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

#### Estimates

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

#### Upcoming Accounting Pronouncements

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

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

## THE NEW STANDARD ACADEMY

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

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

## THE NEW STANDARD ACADEMY

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

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. During the year ended June 30, 2024 the Academy performed against its budget, as referenced in the table of contents to 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.

#### 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, 2024, 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.

#### Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2024, \$1,860,843 of the Academy's cash was exposed to credit risk as it was not covered by federal deposit insurance. All cash balances were uncollateralized as of June 30, 2024.

#### Custodial Credit Risk - Investments

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

## THE NEW STANDARD ACADEMY

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

### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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

#### Foreign Currency Risk

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

#### Fair Value

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

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

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

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

### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$ 16,048
State sources	2,037,498
Federal sources	<u>1,527,148</u>
Total	<u>\$ 3,580,694</u>

## THE NEW STANDARD ACADEMY

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

### NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets subject to depreciation / amortization				
Right to use - building	\$ 1,441,377	\$ -	\$ -	\$ 1,441,377
Right to use - equipment	591,748	-	-	591,748
Right to use - subscription-based IT	323,398	-	-	323,398
Equipment	152,493	2,823	-	155,316
Furniture	261,661	24,202	-	285,863
Technology equipment	672,143	99,133	-	771,276
Other	910,095	4,025	-	914,120
	<u>4,352,915</u>	<u>130,183</u>	<u>-</u>	<u>4,483,098</u>
Total asset cost basis	4,352,915	130,183	-	4,483,098
Accumulated depreciation / amortization				
Right to use - building	1,000,956	440,421	-	1,441,377
Right to use - equipment	195,667	197,249	-	392,916
Right to use - subscription-based IT	107,799	107,799	-	215,598
Equipment	143,014	2,892	-	145,906
Furniture	241,170	8,519	-	249,689
Technology equipment	442,147	105,814	-	547,961
Other	188,277	74,302	-	262,579
	<u>2,319,030</u>	<u>936,996</u>	<u>-</u>	<u>3,256,026</u>
Sub-total	2,319,030	936,996	-	3,256,026
Total net capital assets	<u>\$ 2,033,885</u>	<u>\$ (806,813)</u>	<u>\$ -</u>	<u>\$ 1,227,072</u>

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

## THE NEW STANDARD ACADEMY

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

### NOTE 6 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

Purchased services - payroll and benefits	\$ 597,367
Management fee	127,273
University oversight fee	<u>40,149</u>
Total other accrued liabilities	<u>\$ 764,789</u>

### NOTE 7 – LONG TERM OBLIGATIONS

#### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	3.0%	June, 2024	Payable at approximately \$42,000 monthly
Direct borrowing - equipment	3% - 5%	June, 2026	School buses and copiers

#### Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Direct borrowing - building	\$ 494,925	\$ -	\$ 494,925	\$ -	\$ -
Direct borrowing - equipment	<u>404,107</u>	<u>-</u>	<u>196,189</u>	<u>207,918</u>	<u>206,227</u>
	<u>\$ 899,032</u>	<u>\$ -</u>	<u>\$ 691,114</u>	<u>\$ 207,918</u>	<u>\$ 206,227</u>

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

	<u>Principal</u>	<u>Interest</u>
2025	\$ 206,227	\$ 5,712
2026	1,691	11



## **THE NEW STANDARD ACADEMY**

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

### **NOTE 8 - RETIREMENT PLAN**

All leased employees of the Academy are eligible to participate in a retirement plan established by the Academy's management company (the employer) which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The Academy, under this plan, will reimburse the employer's contribution of 4% of salaries regardless of the amount the employee contributes. The Academy will additionally reimburse the employer's match up to 4% of employee contributed funds. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

### **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 years.

# SUPPLEMENTARY INFORMATION

## THE NEW STANDARD ACADEMY

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Local sources	\$ 50,000	\$ 67,824	\$ 68,984	\$ 1,160
State sources	9,016,295	10,432,382	8,973,843	(1,458,539)
Federal sources	1,665,067	1,896,758	1,621,961	(274,797)
Interdistrict sources	-	42,114	45,717	3,603
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	10,731,362	12,439,078	10,710,505	(1,728,573)
<b>Expenditures</b>				
Instruction				
Basic programs	4,163,571	4,250,092	3,970,116	(279,976)
Added needs	1,719,321	2,722,012	1,348,356	(1,373,656)
Support services				
Pupil support services	125,134	188,752	162,967	(25,785)
Instructional staff support services	254,450	288,035	290,395	2,360
General administration	993,000	988,275	985,707	(2,568)
School administration	359,661	434,476	446,895	12,419
Business support services	500	200	116	(84)
Operations and maintenance	1,921,905	1,631,444	1,397,564	(233,880)
Pupil transportation services	609,259	536,485	489,150	(47,335)
Central support services	127,500	100,700	99,839	(861)
Student activities	65,000	237,194	165,996	(71,198)
Athletic activities	329,176	393,925	394,010	85
Community services	5,000	5,548	-	(5,548)
Building improvement services	-	11,525	1,508	(10,017)
Capital outlay	-	-	130,183	130,183
Debt principal and interest	-	714,944	714,943	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	10,673,477	12,503,607	10,597,745	(1,905,862)
Excess (deficiency) of revenues over expenditures	57,885	(64,529)	112,760	177,289
Fund balance - July 1, 2023	836,249	836,249	836,249	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2024	\$ 894,134	\$ 771,720	\$ 949,009	\$ 177,289
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# THE NEW STANDARD ACADEMY

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

### Local Sources

Other local revenues	\$ 68,984
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### State Sources

At risk	571,525
Great start readiness program	574,062
Special education	58,734
State aid	<u>7,769,522</u>

Total state sources	8,973,843
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### Federal Sources

IDEA	114,321
Title I	408,725
Title IV	31,885
Other program revenue	<u>1,067,030</u>

Total federal sources	1,621,961
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### Interdistrict Sources

<u>45,717</u>
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Total general fund revenues	<u><u>\$ 10,710,505</u></u>
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# THE NEW STANDARD ACADEMY

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

### Basic Programs

Purchased services	\$ 3,757,305
Supplies and materials	169,042
Other expenditures	<u>43,769</u>
Total basic programs	3,970,116

### Added Needs

Purchased services	1,343,504
Supplies and materials	<u>4,852</u>
Total added needs	1,348,356

### Pupil Support Services

Health services	40,000
Psychological services	8,877
Speech pathology and audiology	45,340
Social work services	51,129
Other pupil services	<u>17,621</u>
Total pupil support services	162,967

### Instructional Staff Support Services

Purchased services	278,017
Supplies and materials	<u>12,378</u>
Total instructional staff support services	290,395

### General Administration

Purchased services	58,950
Management fees	700,000
University oversight	220,723
Other expenditures	<u>6,034</u>
Total general administration	985,707

# THE NEW STANDARD ACADEMY

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

### School Administration

Purchased services	373,595
Supplies and materials	40,531
Other expenditures	<u>32,769</u>
Total school administration	446,895

### Business Support Services

Other expenditures	116
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### Operations and Maintenance

Purchased services	569,177
Repairs and maintenance	295,001
Rentals	366,599
Other purchased services	486
Supplies and materials	<u>166,301</u>
Total operations and maintenance	1,397,564

### Pupil Transportation Services

Purchased services	378,637
Repairs and maintenance	41,994
Supplies and materials	43,841
Other expenditures	<u>24,678</u>
Total pupil transportation services	489,150

### Central Support Services

Repairs and maintenance	99,697
Supplies and materials	<u>142</u>
Total central support services	99,839

### Student Activities

Purchased services	49,634
Supplies and materials	15,571
Other expenditures	<u>100,791</u>
Total student activities	165,996

**THE NEW STANDARD ACADEMY**

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

<b>Athletic Activities</b>	
Purchased services	202,604
Supplies and materials	82,856
Other expenditures	<u>108,550</u>
Total athletic activities	394,010
<b>Building Improvement Services</b>	1,508
<b>Capital Outlay</b>	130,183
<b>Debt Principal and Interest</b>	<u>714,943</u>
Total general fund expenditures	<u><u>\$ 10,597,745</u></u>