

Summit Academy Incorporated
Financial Statements and Government Reports
Year ended June 30, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION & ANALYSIS	3
FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Activities	9
Reconciliation of Fund Balance to Net Position.....	10
Reconciliation of Change in Fund Balance to Change in Net Position	11
Balance Sheet—Governmental Funds	12
Statement of Revenues, Expenditures and Change in Fund Balances—Governmental Funds	13
Statement of Revenues, Expenditures and Change in Fund Balances—Budget and Actual—General Fund	14
Notes to Financial Statements.....	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of School's Proportionate Share of Net Pension Liability (Asset)	30
Schedules of School's Retirement Plan Contributions	31
Notes to the Required Supplementary Information	31
COMPLIANCE REPORTS	
Schedule of Expenditures of Federal Awards	33
Report on Internal Control and Compliance (Yellow Book).....	35
Report on Major Program Internal Control and Compliance (Single Audit)	36
Summary Schedule of Results, Current and Prior Findings, and Questioned Costs	38
Report on Compliance and Internal Control Required by the State of Utah Compliance Audit Guide	39

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of Summit Academy Incorporated

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the government activities, each major fund, and budget comparison schedule of Summit Academy Incorporated, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Summit Academy Incorporated (School), as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and two retirement pension schedules 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. 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.

Supplementary Information (Report for Audit of Federal Awards)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 1, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 School's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

October 1, 2025

Roosevelt, Utah

Management's Discussion and Analysis

As management of the Summit Academy Incorporated (the School), we offer readers of the School's financial statements an overview and analysis of financial activities of the School for the fiscal year ended June 30, 2025.

Financial Highlights

- Net position increased \$2,868,185 to a year-end balance of \$8,779,709. The amount available to meet the School's obligations is \$2,953,956.
- The School's long-term debt principal decreased \$1,653,090.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business. Government-wide financial statements are in this report. See table of contents.

The statement of net position presents information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the School that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include K-12 education, food services and community after-school programs. The School has no business-type or fiduciary activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The School does not have any proprietary funds or fiduciary funds. The basic governmental fund financial statements are in this report.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with its budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the financial statements.

Government-wide Financial Analysis

Government Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$8,779,709 at the most recent fiscal year-end.

The largest portion of the School's net position were capital assets (equipment, buildings and land) less related debt still outstanding at -7.7%. Restricted assets comprised of debt reserves according to loan contracts at 74.1%. Unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors comprised 33.6%. The School uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Position	Governmental Activities		Variance
	2025	2024	
Current and other assets	\$ 28,745,515	\$ 26,217,488	\$ 2,528,027
Noncurrent & capital assets	50,005,595	51,025,460	(1,019,865)
Deferred outflows of resources	4,101,586	3,306,053	795,533
Total assets	82,852,696	80,549,001	2,303,695
Current liabilities	12,779,068	12,707,266	71,802
Long-term liabilities	61,275,689	61,888,375	(612,686)
Deferred inflows of resources	18,230	41,836	(23,606)
Total liabilities	74,072,987	74,637,477	(564,490)
Net position:			
Invested in capital assets, net of related debt	(676,120)	(1,309,345)	633,225
Restricted	6,501,873	6,342,303	159,570
Unrestricted	2,953,956	878,566	2,075,390
Total net position	\$ 8,779,709	\$ 5,911,524	\$ 2,868,185

The School's net position increased \$2,868,185 during the current fiscal year. Typically, the School experiences only small changes to net position. The next chart will outline the changes in net position.

Government Activities. Governmental activities increased the School's net position by \$2,868,185, thereby accounting for 100% of the increase in total net position. Typically, changes to net position are small. Key elements of these changes are as follows.

Change in Net Position	Governmental Activities		Variance
	2025	2024	
Program revenues:			
Charges for services	\$ 1,292,671	\$ 1,264,166	\$ 28,505
Operating grants restricted to programs	9,154,045	6,741,970	
Capital grants	-	-	-
General revenues:			
Unrestricted operations grants	21,388,731	22,300,237	(911,506)
Earnings on investments	1,035,477	818,461	
Other	371,943	469,915	(97,972)
Total revenues	33,242,867	31,594,749	(980,973)
Expenses:			
Instruction	18,010,664	16,810,348	1,200,316
Supporting services	8,731,380	8,242,516	
Food services	1,372,308	1,383,740	(11,432)
Community	6,988	515,777	(508,789)
Interest, amortization & debt insurance	2,253,342	2,778,248	(524,906)
Total expenses	30,374,682	29,730,629	155,189
Change in net position before special	2,868,185	1,864,120	\$ (1,136,162)
<i>Special item: merger with High School</i>	-	(2,763,937)	\$ 2,763,937
Change in net position	2,868,185	(899,817)	
Beginning net position	5,911,524	6,811,341	
Ending net position	<u>\$ 8,779,709</u>	<u>\$ 5,911,524</u>	

Revenues and expenditures increased generally because of increased funding and operating costs.

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term flows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

	General Fund		
	2025	2024	Change
Assets:			
Cash	\$ 22,421,098	\$ 20,394,669	\$ 2,026,429
Restricted cash	5,669,935	5,401,557	268,378
Receivables	654,482	421,262	233,220
Total assets	28,745,515	26,217,488	2,528,027
Current liabilities:	10,612,650	10,286,717	(325,933)
Total liabilities	10,612,650	10,286,717	(325,933)
Fund balances:			
Restricted	6,501,873	6,342,303	159,570
Assigned	-	-	-
Unassigned	11,630,992	9,588,468	2,042,524
Total fund balances	<u>\$ 18,132,865</u>	<u>\$ 15,930,771</u>	<u>\$ 2,202,094</u>
	General Fund		
	2025	2024	Change
Revenues and Other Sources:			
State	\$ 29,530,213	\$ 27,969,830	\$ 1,560,383
Federal	1,012,563	1,072,377	(59,814)
Local	2,700,091	2,552,542	147,549
Bond sale proceeds	-	16,489,245	(16,489,245)
Merger with High School	-	2,192,822	(2,192,822)
Total revenues and other	33,242,867	50,276,816	(17,033,949)
Expenditures:			
Program services:			-
School instruction	16,366,600	16,126,852	239,748
Student support	1,764,266	1,865,902	(101,636)
Staff support	1,600,706	1,271,463	329,243
Student transportation	237,399	266,660	(29,261)
Facilities	2,054,474	1,809,506	244,968
Food services	1,352,182	1,360,952	(8,770)
Community	6,988	257,854	(250,866)
Support services	3,022,576	2,986,364	36,212
Capital outlay	408,207	76,330	331,877
Debt service:			-
Principal	1,653,090	16,056,467	(14,403,377)
Interest, issuance & amortization	2,574,285	2,968,902	(394,617)
Total expenditures	31,040,773	45,047,252	(14,006,479)
Net surplus (deficit)	2,202,094	5,229,564	(3,027,470)
Fund balances - beginning of year	15,930,771	10,701,207	5,229,564
Fund balances - end of year	<u>\$ 18,132,865</u>	<u>\$ 15,930,771</u>	<u>\$ 2,202,094</u>

Fund Budgetary Highlights

The School's actual revenues were less than budgeted revenues and actual expenses were less than final budgeted expenses for the recent fiscal year-end. Please refer to budget and actual comparison statement.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2025 was \$50,005,595 (net of accumulated depreciation), respectively. These capital assets range from office equipment to vehicles, equipment and buildings. Please refer capital asset note disclosure for detail.

Net Capital Assets	Governmental Activities		Variance
	2025	2024	
Land	\$ 10,994,936	\$ 10,994,936	\$ -
Capital assets net of depreciation	39,010,659	40,030,524	(1,019,865)
Total	<u>\$ 50,005,595</u>	<u>\$ 51,025,460</u>	<u>\$ (1,019,865)</u>

Long-Term Debt. At the end of the current year, the School had total debt (including bond issuer fees and unamortized premiums) of \$57,736,544. State statutes limit the amount of general obligation bond debt and do not limit the amount of revenue bond debt. In either case, an election must be held although there are some exceptions to revenue bond issuance. Please refer to debt note disclosure for detail.

Debt	2025	2024	Change
Bonds payable	\$ 49,790,000	\$ 51,371,010	\$ (1,581,010)
Bond issuer fees payable	891,715	963,795	(72,080)
Unamortized bond premium	7,054,829	7,361,122	(306,293)
	<u>\$ 57,736,544</u>	<u>\$ 59,695,927</u>	<u>\$ (1,959,383)</u>

Economic Factors and Next Year's Budgets and Rates

The amount of resources available to the School hinges on the availability of state and federal grants from year to year. The fiscal year 2026 general fund budget is similar to the fiscal year-end 2025. The School has no budgeted tax revenues.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Summit Academy Incorporated, Brad Wilkinson, Chief Financial Officer, 1225 East 13200 South, Draper, Utah 84020.

Summit Academy Incorporated
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS & DEFERRED OUTFLOWS	
Current Assets:	
Cash	\$ 22,421,098
Restricted cash	5,669,935
Accounts receivable	654,482
Total current assets	<u>28,745,515</u>
Noncurrent Assets:	
Capital assets:	
Land	10,994,936
Buildings & equipment, net of accum. depreciation	39,010,659
Total noncurrent assets	<u>50,005,595</u>
Total assets	<u>78,751,110</u>
Deferred Outflows of Resources:	
Pension related deferred outflows	4,101,586
Total assets & deferred outflows	<u><u>82,852,696</u></u>
LIABILITIES & DEFERRED INFLOWS	
Current Liabilities:	
Accounts payable	337,612
Payroll and related benefits payable	2,444,440
Unearned grant revenues	7,830,598
Accrued interest	446,516
Current portion long-term notes payable (see note)	1,719,902
Total current liabilities	<u>12,779,068</u>
Non Current Liabilities:	
Net pension liability	5,259,047
Unamortized bond premiums	7,054,829
Long-term notes & bonds payable	48,961,813
Total noncurrent liabilities	<u>61,275,689</u>
Total liabilities	<u>74,054,757</u>
Deferred Inflows of Resources:	
Pension related deferred inflows	18,230
Total liabilities & deferred inflows	<u><u>74,072,987</u></u>
NET POSITION	
Net investment in capital assets	(676,120)
Restricted	6,501,873
Unrestricted	2,953,956
Total net position	<u>8,779,709</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 82,852,696</u></u>

Summit Academy Incorporated
STATEMENT OF ACTIVITIES
For the year ending June 30, 2025

Functions	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental Activities:					
Instruction services	\$ 18,010,664	\$ 733,003	\$ 7,715,775	\$ -	\$ (9,561,886)
Supporting services:					
Students	1,764,266	-	-	-	(1,764,266)
Instructional staff	1,600,706	-	751,962	-	(848,744)
General administration	589,347	-	-	-	(589,347)
School administration	1,576,048	-	-	-	(1,576,048)
Central services	863,843	-	-	-	(863,843)
Operation and maintenance of facilities	2,088,368	-	-	-	(2,088,368)
Student transportation	248,802	200	-	-	(248,602)
School food services	1,372,308	559,468	686,308	-	(126,532)
Community services	6,988	-	-	-	(6,988)
Interest & amortization	2,253,342	-	-	-	(2,253,342)
Total governmental activities	<u>\$ 30,374,682</u>	<u>\$ 1,292,671</u>	<u>\$ 9,154,045</u>	<u>\$ -</u>	<u>(19,927,966)</u>
General Revenues:					
Federal & Utah aid not restricted specific purposes					21,388,731
Earnings on investments					1,035,477
Other					<u>371,943</u>
Total general revenues					<u>22,796,151</u>
Change in net position before special items					2,868,185
Special Item:					
None					<u>-</u>
Change in net position					2,868,185
Beginning net position					<u>5,911,524</u>
Ending net position					<u>\$ 8,779,709</u>

Summit Academy Incorporated
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances for Governmental Funds \$ 18,132,865

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	10,994,936	
Buildings & equipment	53,996,367	
Accumulated depreciation	<u>(14,985,708)</u>	
Net		50,005,595

Long-term debt are recorded in the government-wide financial statements but not in the fund statements.

Long-term debt	(50,681,715)	
Unamortized bond premiums	(7,054,829)	
Accrued interest	<u>(446,516)</u>	
Net		(58,183,060)

Employee pension benefit obligations are not included in the fund statements.

Net pension liability	(5,259,047)	
Deferred outflows of resources related to pensions	4,101,586	
Deferred inflows of resources related to pensions	<u>(18,230)</u>	
Net		<u>(1,175,691)</u>

Total Net Position of Governmental Activities **\$ 8,779,709**

Summit Academy Incorporated
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ending June 30, 2025

Net Change in Fund Balances--Total Governmental Funds \$ 2,202,094

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	408,207	
Book value of assets removed	-	
Depreciation	<u>(1,428,072)</u>	
Net		(1,019,865)

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.

Principal payments	1,653,090	
Accrued interest change	14,650	
Amortization of bond premiums	306,293	
Loan proceeds	<u>-</u>	
Net		1,974,033

In the statement of activities, pension related expenses are incurred as costs when incurred during the year. In the governmental fund, these obligations are recorded as expenditures when they mature or when they are paid.

(288,077)

Change in Net Position of Governmental Activities **\$ 2,868,185**

Summit Academy Incorporated
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	<u>General Fund</u>
Assets	
Cash & investments	\$ 22,421,098
Restricted cash & investments (debt service)	5,669,935
Accounts receivable	<u>654,482</u>
Total Assets	<u><u>\$ 28,745,515</u></u>
 Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 337,612
Payroll and related benefits payable	2,444,440
Unearned revenues:	
Other	6,311,342
Education programs	<u>1,519,256</u>
Total liabilities	10,612,650
 Fund Balances	
Fund balances:	
Restricted:	
Debt service & grant	5,669,935
Food services	831,938
Assigned	-
Unassigned	<u>11,630,992</u>
Total fund balances	<u>18,132,865</u>
Total Liabilities and Fund Balances	<u><u>\$ 28,745,515</u></u>

Summit Academy Incorporated
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ending June 30, 2025

	<u>General Fund</u>
Revenues:	
State	\$ 29,530,213
Federal	1,012,563
Local:	
Food services	559,468
Activity & registration fees	733,003
Interest earnings	1,035,477
Transportation fees	200
Other	<u>371,943</u>
Total revenues	33,242,867
Expenditures:	
Program services:	
School instruction	16,366,600
Student support	1,764,266
Staff support	1,600,706
Student transportation	237,399
Facilities	2,054,474
Food services	1,352,182
Community	6,988
Support services:	
School administration	1,569,386
District administration	589,347
Central support	863,843
Capital outlay	408,207
Debt service:	
Principal	1,653,090
Interest & amortization	<u>2,574,285</u>
Total expenditures	<u>31,040,773</u>
Excess (deficiency) of revenues over expenditures	2,202,094
Other Financing Sources (Uses):	
Debt proceeds	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Net change in fund balance	2,202,094
Fund balances - beginning of year	<u>15,930,771</u>
Fund balances - end of year	<u><u>\$ 18,132,865</u></u>

Summit Academy Incorporated
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the year ending June 30, 2025

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
State	\$ 31,228,228	\$ 31,228,228	\$ 29,530,213	\$ (1,698,015)
Federal	1,079,926	1,079,926	1,012,563	(67,363)
Local:				
Food services	490,000	490,000	559,468	69,468
Activity & registration fees	913,792	913,792	733,003	(180,789)
Interest earnings	834,490	834,490	1,035,477	200,987
Transportation fees	10,000	10,000	200	(9,800)
Other	6,669,722	6,669,722	371,943	(6,297,779)
Total revenues	41,226,158	41,226,158	33,242,867	(7,983,291)
Expenditures:				
Program services:				
School instruction	16,750,318	16,750,318	16,366,600	383,718
Student support	2,538,814	2,538,814	1,764,266	774,548
Staff support	1,104,596	1,104,596	1,600,706	(496,110)
Student transportation	359,623	359,623	237,399	122,224
Facilities	2,774,482	2,774,482	2,054,474	720,008
Food services	1,438,656	1,438,656	1,352,182	86,474
Community	16,000	16,000	6,988	9,012
Support services:				-
School administration	1,791,658	1,791,658	1,569,386	222,272
District administration	720,755	720,755	589,347	131,408
Central support	1,109,406	1,109,406	863,843	245,563
Capital outlay	-	-	408,207	(408,207)
Debt service:				-
Principal	2,083,000	2,083,000	1,653,090	429,910
Interest & amortization	2,617,925	2,617,925	2,574,285	43,640
Total expenditures	33,305,233	33,305,233	31,040,773	2,264,460
Excess (deficiency) of revenues over expenditures	7,920,925	7,920,925	2,202,094	(5,718,831)
Other Financing Sources (Uses):				
Debt proceeds	-	-	-	-
Total other financing	-	-	-	-
Net change in fund balance	7,920,925	7,920,925	2,202,094	(5,718,831)
Fund balances - beginning of year	15,930,771	15,930,771	15,930,771	-
Fund balances - end of year	\$ 23,851,696	\$ 23,851,696	\$ 18,132,865	\$ (5,718,831)

Summit Academy Incorporated
Notes to Financial Statements

Note 1 Description of School and Summary of Significant Accounting Policies

The financial statements of the Summit Academy Incorporated (the School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's more significant accounting policies are described below.

Reporting Entity—Summit Academy Incorporated (the School) was incorporated in the state of Utah on October 24, 2003, as a nonprofit organization involved in public education. The School operates a public charter school with locations in Draper and Bluffdale, Utah and serves students from grades kindergarten through twelve.

Government-wide Financial Statements—The government-wide financial statements (statement of net position and the statement of activities) report the financial information of the School.

The *statement of net position* reports the financial position of the school's financial activities.

The *statement of activities* The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and food services) are ratably included in the direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include a) fees and charges paid by students and other recipients of goods or services offered by a given function, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a function. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements—The School reports the general fund, the School's primary operating fund, as a major governmental fund. The general fund accounts for all financial resources of the School. Fund method financials are reported using the current financial resources measurement focus, as described below.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation— The financial statements are reported in accordance generally accepted accounting principles as applicable to governmental units. Although the School is a Utah nonprofit corporation, governmental accounting standards apply due to the Utah State Charter Board's ability to control and terminate the School's charter.

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the School receives value without directly giving equal value in exchange, include grants and contributions. On an accrual basis, revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Depreciation is allocated directly to functional expenses, and interest expense is categorized separately in the Statement of Activities. The School does not allocate indirect expenses; all expenses are recorded to a specific school function.

Summit Academy Incorporated

Notes to Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term debt, pension benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when the School receives cash.

The School reports the general fund, the School's primary operating fund, as a major governmental fund. The general fund accounts for all financial resources of the School.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget—The School submits a Board-approved annual budget to the Office of the Utah State Auditor in accordance with State of Utah requirements. The Board may amend the annual budget prior to year-end. The budget has been prepared on the modified accrual basis of accounting. Revenues are budgeted by source and program. Expenditures are budgeted by function and object. Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Deposits and Investments—The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value. Deposits are reported at cost, which approximates fair value.

Cash and Investments Restricted for Debt Service—Resources have been set aside in bond funds for annual debt service, debt service reserves, and building construction and repairs. Deposits to and withdrawals from these bond funds are governed by the bond agreement. These bond funds are presented as restricted cash and investments and are measured at fair value (see subsequent note disclosures).

Receivables and Payables—All trade and intergovernmental receivables are shown net of an allowance for uncollectible accounts. Intergovernmental receivables are considered collectible. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts. Eventual payment is received on most trade accounts receivable.

Property Taxes—The School does not collect tax revenues and is not allowed to assess a property tax.

Inventories and Prepaid Items—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At year-end, the School has no significant inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets. Capital assets are recorded at cost, if purchased, and at estimated fair value at the date of donation, if donated. Capital assets valued at \$5,000 or more are capitalized and depreciated, using the straight-line depreciation method, over the estimated useful lives of the assets as follows: Buildings and improvements 10 to 40 years; equipment 5 to 20 years; furniture and fixtures 7 to 15 years. Repairs and maintenance that do not significantly increase the useful life of the asset are charged to expense as incurred. Capital assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Summit Academy Incorporated

Notes to Financial Statements

Income Tax Status. The School is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes and qualifies for the charitable contribution deductions. The School is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The School has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. The School believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The School's annual 990 filings remain open for the last three years. The School would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Revenue Recognition. Operating funds for the School are derived principally from federal and state sources. The School receives state funding based on the number of students enrolled in the School. Unrestricted support given by the state is recognized as revenue when received. The School also receives federal and state grants generally on a reimbursement basis. Accordingly, grant revenue is recognized when qualifying costs are incurred and all other grant performance requirements have been met. Federal and state grants are subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, the School's management believes that costs ultimately disallowed, if any, would not significantly affect the financial position of the School.

Contributions and Donated Services. Unrestricted contributions are recognized as revenue when received. Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the School would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. However, many individuals volunteer their time and perform a variety of tasks that assist the School with specific programs, administration, fundraising, and Board assignments. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Long-term Obligations—In the government-wide financial statements long-term debt obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balance Flow Assumption (Restricted and Committed Assets)—The School often receives resources that are legally restricted, contractually limited, or committed by the governing body. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as needed.

Net Position — It is the School's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund Balance — It is the School's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when 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.

Net Position/Fund Balances—The residual of all other elements presented in a statement of net position is *net position* on the government-wide financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Summit Academy Incorporated

Notes to Financial Statements

Government-wide Financial Statements—equity is classified in the government-wide financial statements as net position and is displayed in three components:

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested" in capital assets, net of relation debt.

Fund Financial Statements—In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. The School's Board of Directors is the highest level of decision making. Descriptions of equity classifications follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The School's Board may assign balances.

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Pensions— For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Deferred Outflows/Inflows of Resources—In addition to assets, financial statements 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 will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements 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 will not be recognized as an outflow of resources (revenue) until that time.

Fundraising Activities—Local contributions and fundraising revenues are a very small percent of total operating revenues. The School's expenses related to fundraising are considerably less than related revenues and insignificant to the financial statements.

Summit Academy Incorporated

Notes to Financial Statements

Note 2 Concentration of Revenues

Revenue and Support. The majority of the School's revenue and support comes from the U.S. Department of Education (through the Utah Office of Education) and the State of Utah. Federal and state revenues were about 92 percent of total revenue and support for the year ended June 30, 2025.

Note 3 Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Reconciliation to Financial Statements

<u>Financial Statements</u>		<u>Deposits and Investments</u>	
Cash and investments	\$ 22,421,098	Deposits:	
Restricted cash & investments	5,669,935	Bank depositories	\$ 9,929,958
Total	<u>\$ 28,091,033</u>	Investments:	
		Utah Public Treasurer's Investment Fund	<u>18,161,075</u>
		Total	<u>\$ 28,091,033</u>

Overview

The School complies with the State Money Management Act (Utah Code Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling depository and investing transactions. School funds are deposited in qualified depositories as defined by the Act. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The Act also authorizes the School to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The School considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

The School's carrying amount of bank deposits at June 30, 2025 is \$9,929,958. The bank balance is \$10,262,213, of which \$500,000 is covered by federal depository insurance.

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a formal deposit policy for custodial credit risk other than to comply with the Act. FDIC insures customers' accounts at each bank up to \$250,000. The uninsured amount of bank deposits is uncollateralized nor is it required by Utah law.

Summit Academy Incorporated
Notes to Financial Statements

Investments

The School invests in the State of Utah's Public Treasurer Investment Fund. In accordance with bond debt reserve requirements, the School has separate accounts restricted for debt service.

Investment Type	Carrying	Fair Value Input			
	Amount	Fair Value	Level	Maturity	Quality Rating
Utah PTIF	\$ 12,491,140	\$ 12,491,140	Level 2	< 1 year	Unrated
Utah PTIF (restricted for bonds)	5,669,935	5,669,935	Level 2	< 1 year	Unrated
Total investments	<u>\$ 18,161,075</u>	<u>\$ 18,161,075</u>			

The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Utah Money Management Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days or less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF evaluates fair market value every June 30 and December 31. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer.

Fair Value of Investments—The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. The PTIF uses a Level 2 fair value measurement.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School manages exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. In addition, variable-rate securities may not have a remaining term to final maturity exceeding three years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first-tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the total portfolio with a single issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School's policy for managing this risk is to comply with the Act.

Summit Academy Incorporated

Notes to Financial Statements

Note 4 Receivables & Unearned Revenues

At year-end, the School's numerous programs have a receivable or unearned revenue.

Description	Receivable	Unearned Revenue
Local school operations	\$ 22,021	\$ -
Utah education programs	460,478	1,519,256
Federal education programs	171,983	-
Federal payroll credits	-	6,311,342
Totals	<u>\$ 654,482</u>	<u>\$ 7,830,598</u>

Note 5 Property and Equipment

Capital asset activity for the year ended June 30, 2025 is summarized below.

	30-Jun-24	Additions	Reductions	30-Jun-25
Capital assets not being depreciated:				
Land	\$ 10,994,936	\$ -	\$ -	\$ 10,994,936
Construction in progress	-	150,736	-	150,736
Sub-total	10,994,936	150,736	-	11,145,672
Capital assets being depreciated:				
Buildings and improvements	51,798,299	82,544	-	51,880,843
Equipment	1,025,945	102,887	-	1,128,832
Vehicles	323,255	72,040	-	395,295
Furniture and fixtures	440,661	-	-	440,661
Sub-total	53,588,160	257,471	-	53,845,631
Accumulated depreciation:				
Buildings and improvements	(12,509,309)	(1,337,810)	-	(13,847,119)
Equipment	(670,690)	(62,754)	-	(733,444)
Vehicles	(71,754)	(11,403)	-	(83,157)
Furniture and fixtures	(305,883)	(16,105)	-	(321,988)
Sub-total	(13,557,636)	(1,428,072)	-	(14,985,708)
Total depreciable assets, net	40,030,524	(1,019,865)	-	38,859,923
Total capital assets, net	<u>\$ 51,025,460</u>	<u>\$ (1,019,865)</u>	<u>\$ -</u>	<u>\$ 50,005,595</u>

Depreciation Functional Allocation:

Instruction	\$ 1,355,987
School administration	6,662
Facilities operation	33,894
Student transportation	11,403
Food services	20,126
	<u>\$ 1,428,072</u>

Note 6 Restricted Net Assets

Restricted Net Assets	Amount
Debt service	\$ 5,669,935
Food services	831,938
Total	<u>\$ 6,501,873</u>

Summit Academy Incorporated

Notes to Financial Statements

Note 7 Bonds and Notes Payable

Changes in long-term liabilities for the year-ended June 30, 2025 are summarized below.

Long-term Debt	Original Loan	Maturity	% Rate	30-Jun-2024	Additions	Reductions	30-Jun-2025	Current Due
2019A Bonds	\$ 40,650,000	30-Apr-2049	5.00%	36,035,000	-	(1,070,000)	34,965,000	1,125,000
Equipment loan	104,615	28-Jul-2024	4.95%	11,010	-	(11,010)	-	-
Bond issuer fees payable	1,352,870	30-Apr-2043	NA	963,795	-	(72,080)	891,715	69,902
2024A Bonds	15,325,000	15-Apr-2043	5.00%	15,325,000	-	(500,000)	14,825,000	525,000
Sub-total				52,334,805		(1,653,090)	50,681,715	1,719,902
<u>Unamortized Bond Premiums</u>								
2019A Unam. Premium	7,350,499	30-Apr-2049	St-line	6,196,877	-	(245,017)	5,951,860	245,017
2024A Unam. Premium	1,164,245	15-Apr-2043	St-line	1,164,245	-	(61,276)	1,102,969	61,276
Sub-total				7,361,122	-	(306,293)	7,054,829	306,293
<u>Other Long-term Obligations</u>								
Net pension liability				4,151,831	1,107,216	-	5,259,047	
Grand-total long term liabilities				<u>\$ 63,847,758</u>	<u>\$1,107,216</u>	<u>\$ (1,959,383)</u>	<u>\$ 62,995,591</u>	

Debt service for the notes payable are summarized below.

Year ending	Bond Issuer Fees				
June 30	2019A Principal	2024A Principal	Interest	Payable	Total
2026	\$ 1,125,000	\$ 525,000	\$ 2,458,750	\$ 69,902	\$ 4,178,652
2027	1,180,000	555,000	2,376,250	67,613	4,178,863
2028	1,245,000	580,000	2,289,500	65,212	4,179,712
2029	1,300,000	610,000	2,229,000	63,930	4,202,930
2030	1,370,000	640,000	2,133,500	61,284	4,204,784
2031-2035	6,140,000	2,900,000	9,060,500	264,630	18,365,130
2036-2040	8,460,000	4,515,000	7,256,250	212,790	20,444,040
2041-2045	6,205,000	4,500,000	3,901,000	86,354	14,692,354
2046-2050	7,940,000	-	1,588,000	-	9,528,000
Totals	<u>\$ 34,965,000</u>	<u>\$ 14,825,000</u>	<u>\$ 33,292,750</u>	<u>\$ 891,715</u>	<u>\$ 83,974,465</u>

Amortization of bond premiums are summarized below.

Year ending	2019A	2024A	
June 30	Premium	Premium	Total
2026	\$ 245,017	\$ 61,276	\$ 306,293
2027	245,017	61,276	306,293
2028	245,017	61,276	306,293
2029	245,017	61,276	306,293
2030	245,017	61,276	306,293
2031-2035	1,225,085	306,380	1,531,465
2036-2040	1,225,085	306,380	1,531,465
2041-2045	1,225,085	183,829	1,408,914
2046-2050	1,051,520	-	1,051,520
Totals	<u>\$ 5,951,860</u>	<u>\$ 1,102,969</u>	<u>\$ 7,054,829</u>

Summit Academy Incorporated
Notes to Financial Statements

2019A Bonds. On July 1, 2019, the School issued \$40,650,000 of Series 2019A bonds with an average interest rate of 5.00%. The proceeds were used to refinance the Series 2007 bonds and to purchase additional facilities. The bonds were issued through the Utah Charter School Finance Authority (the Authority). The bonds are not debt of the state of Utah or the Authority but are notes payable solely from School funds; the Authority does not guarantee the bonds. The Series 2019A term bonds maturing April 30, 2039, 2044, and 2049 are subject to mandatory sinking fund redemption requirements. Beginning in 2035, the school must set aside annual amounts each year into debt service accounts to retire the amount due at each redemption date. The notes are secured by the School's facilities.

2019A Bond Premium. The 2019A bonds were issued at a premium of \$7,350,499. Bond premium amortization expense is amortized on an annual straight-line basis for \$245,017.

Bond Issuer Payable. The Series 2019A bonds were issued with a bond issuer fees payable of \$1,352,870 to the Authority. This payable represents payments of 0.2% of the outstanding bond principal over the life of the bonds.

Equipment Loan. This loan was paid off July 28, 2024.

2024A Bonds. On January 31, 2024, the School issued \$15,325,000 of Series 2024A bonds with an average interest rate of 5.00%. The proceeds were used to refund the 2019 HS Bonds.

2024A Bond Premium. The 2024A bonds were issued at a premium of \$1,164,245. Bond premium amortization expense is amortized on an annual straight-line basis for \$61,276. The Series 2024A term bonds maturing April 15, 2039, and April 15, 2043 are subject to mandatory sinking fund redemption requirements. The school must set aside annual amounts during each year beginning in 2035 in debt service accounts to retire the amount due at each redemption date. The notes are secured by the School's facilities.

Debt Covenants. The 2019A bond agreement requires the School to establish and maintain a debt service reserve investment account of \$2,850,800, a debt service coverage ratio of 110 percent, and unrestricted cash on hand equal to or greater than 30 days of the total operating expenses plus accrued salary obligations. The 2024A bond agreement requires the School to establish and maintain a debt service reserve investment account of \$1,270,750, a debt service coverage ratio of 110 percent, and unrestricted cash on hand equal to or greater than 30 days of the total operating expenses plus accrued salary obligations. The School's buildings provide collateral for the notes payable. In the event of default, late payment penalties may be assessed, bond holders may appoint a receiver to manage School finances, and potential foreclosure may occur. Debt service coverage below 100% constitutes default. These covenants remain in effect until the note is paid in full.

Sinking Funds. Beginning after the April 2034 principal payments, the 2019A and 2024A bonds begin skipping years of principal payments with maturities every four to five years. The bonds are subject to mandatory sinking fund redemption requirements. Beginning year 2025, the school must set aside annual amounts each year into debt service accounts to retire the accumulated amounts due at each redemption date.

Note 8 Risk Management

The School maintains insurance coverage for general, personal injury, errors and omissions, and malpractice liability up to \$1,000,000 per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The School pays annual premiums to the Fund. This is a pooled arrangement where the participants pay experience rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. The School had no claims against the risk management insurance for the past three years.

The Workers Compensation Fund of Utah covers all School employees for workers compensation. The State of Utah Department of Workforce Services provides unemployment insurance. There have been no claims against workers compensation or unemployment insurance for the past three years.

Summit Academy Incorporated

Notes to Financial Statements

Note 9 Litigation and Compliance

At certain times, claims or lawsuits are pending in which the School is involved. School counsel and insurance carriers estimate that the potential obligations resulting from such claims or litigation would not materially affect the School's financial statements.

All fund balances are positive at June 30, 2025.

The School receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the School's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund. Based on prior experience, administration believes such disallowance, if any, would be insignificant.

Note 11 Retirement Plan with Utah Retirement Systems

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following cost-sharing, multiple-employer plans:

- Public Employees Noncontributory Retirement System (Noncontributory System)
- Tier 2 Hybrid Public Employees Contributory Retirement System (Tier 2 Contributory)

School employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the School as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the School as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees employed on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System. The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Summit Academy Incorporated

Notes to Financial Statements

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Tier 1 - DB System, Fund 16	0.00%	21.69%	1.50%
Tier 2 - DB Hybrid System, Fund 112	0.70%	19.52%	0.00%
Tier 2 - 401k Option, Fund 212	0.00%	9.52%	10.00%

*** Tier 2 rates include a statutory required contribution to finance the unfunded actuarial liability of Tier 1 plans.

For fiscal year ending June 30, 2025, the employer and employee contributions to the Systems were as follows. Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 656,998	\$ 25,536
Tier 2 Public Employees System	1,536,512	118,655
Tier 2 DC Public Employees Plan	163,811	7,281
Total Contributions	<u>\$ 2,357,321</u>	<u>\$ 151,472</u>

Summit Academy Incorporated
Notes to Financial Statements

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$5,259,047.

Measurement date: Dec 31, 2024	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec. 31, 2023	Change
Noncontributory System	\$ -	\$ 4,450,130	0.1967238%	0.1789592%	0.0177646%
Tier 2 Public Employee System	-	808,917	0.2712311%	0.2491705%	0.0220606%
Total Net Pension Asset or Liability	<u>\$ -</u>	<u>\$ 5,259,047</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized total pension expense of \$2,844,498: \$1,961,197 for noncontributory and \$883,301 for Tier 2.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes & Amounts	Deferred Outflows of Resources		
	Noncontributory	Tier 2	Total
Differences between expected and actual experience	\$ 1,087,658	\$ 349,701	\$ 1,437,359
Changes in assumptions	154,087	270,168	424,255
Difference between projected & actual earnings on plan investments	671,803	51,702	723,505
Changes in proportion and differences between contributions and proportionate share of contributions	145,634	121,288	266,922
Contributions after the measurement date but prior to our fiscal year-end	357,588	891,956	1,249,544
Total	<u>\$ 2,416,770</u>	<u>\$ 1,684,815</u>	<u>\$ 4,101,585</u>

Changes & Amounts	Deferred Inflows of Resources		
	Noncontributory	Tier 2	Total
Differences between expected and actual experience	\$ -	\$ 5,573	\$ 5,573
Changes in assumptions	-	83	83
Difference between projected & actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	12,574	12,574
Contributions after the measurement date but prior to our fiscal year-end	-	-	-
Total	<u>\$ -</u>	<u>\$ 18,230</u>	<u>\$ 18,230</u>

Summit Academy Incorporated

Notes to Financial Statements

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31	Net Deferred Outflows (Inflows) of Resources		
	Noncontributory	Tier 2	Total
2025	\$ 1,073,182	\$ 93,069	\$ 1,166,251
2026	1,297,802	143,797	1,441,599
2027	(264,339)	61,697	(202,642)
2028	(47,463)	75,589	28,126
2029	-	179,633	179,633
Thereafter	-	220,846	220,846

Actuarial assumptions: The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.50 - 9.50 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using the URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected
			portfolio real rate of return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return		<u>8.30%</u>

Summit Academy Incorporated

Notes to Financial Statements

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 11,411,369	\$ 4,450,130	\$ (1,391,362)
Tier 2 Public Employees System	2,416,038	808,917	(441,265)
Total	<u>\$ 13,827,407</u>	<u>\$ 5,259,047</u>	<u>\$ (1,832,627)</u>

***Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan

The Defined Contributions Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Summit Academy Incorporated participates in the following Defined Contribution Savings Plans: 401(k), 457(b), Roth IRA, Traditional IRA. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30 were as follows:

Plan	2025	2024	2023
401(k)			
Employer contributions	\$ 230,558	\$ 247,487	\$ 193,079
Employee contributions	170,287	199,498	150,807
457(b)			
Employer contributions	-	-	-
Employee contributions	17,468	48,220	32,022
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	62,875	54,555	47,548

Required Supplementary Information

Summit Academy Incorporated
Required Supplemental Information for Retirement Plan
Utah Retirement Systems

Proportionate Share of the Net Pension Liability	Measured Dec 31	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2015	-	-
	2016	-	-
	2017	-	-
	2018	0.1861635%	0.4234194%
	2019	0.2112376%	0.4027044%
	2020	0.2177122%	0.3834821%
	2021	0.2112966%	0.3531021%
	2022	0.2039797%	0.3165427%
	2023	0.1789592%	0.2491705%
	2024	0.1967238%	0.2712311%
Proportionate share of the net pension liability (asset)	2015	\$ -	\$ -
	2016	-	-
	2017	-	-
	2018	6,926,245	181,342
	2019	4,693,070	90,572
	2020	2,902,369	55,155
	2021	(1,443,672)	(149,446)
	2022	4,404,483	344,681
	2023	3,666,850	484,981
	2024	4,450,130	808,917
Covered payroll	2015	\$ -	\$ -
	2016	-	-
	2017	-	-
	2018	3,082,938	4,987,597
	2019	3,273,472	5,608,854
	2020	3,327,821	6,146,757
	2021	2,993,020	6,592,042
	2022	2,833,816	6,963,640
	2023	2,707,141	6,441,921
	2024	3,049,150	8,062,338
Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	2015	-	-
	2016	-	-
	2017	-	-
	2018	224.66%	3.64%
	2019	143.37%	1.61%
	2020	87.22%	0.90%
	2021	-48.23%	-2.27%
	2022	155.43%	4.95%
	2023	135.45%	7.53%
	2024	145.95%	10.03%
Plan fiduciary net position as a percentage of the total pension liability	2015	-	-
	2016	-	-
	2017	-	-
	2018	84.10%	90.80%
	2019	90.10%	96.50%
	2020	94.30%	98.30%
	2021	102.70%	103.80%
	2022	91.60%	92.30%
	2023	92.49%	89.58%
	2024	92.13%	87.44%

Employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI.

Summit Academy Incorporated
Required Supplemental Information for Retirement Plan
Utah Retirement Systems

Schedule of Contrubtions	Fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	-	-	-	-	-
	2017	-	-	-	-	-
	2018	-	-	-	-	-
	2019	683,411	683,411	-	3,146,877	21.72%
	2020	745,265	745,265	-	3,393,608	21.96%
	2021	698,953	698,953	-	3,180,361	21.98%
	2022	627,107	627,107	-	2,830,661	22.15%
	2023	622,996	622,996	-	2,819,599	22.10%
	2024	625,039	625,039	-	2,950,374	21.19%
	2025	656,998	656,998	-	3,152,226	20.84%
Tier 2 Public Employees System*	2016	-	-	-	-	-
	2017	-	-	-	-	-
	2018	-	-	-	-	-
	2019	984,497	984,497	-	5,235,148	18.81%
	2020	1,123,665	1,123,665	-	5,922,678	18.97%
	2021	1,253,819	1,253,819	-	6,561,378	19.11%
	2022	1,286,098	1,286,098	-	6,643,499	19.36%
	2023	1,427,744	1,427,744	-	7,221,160	19.77%
	2024	1,465,203	1,465,203	-	7,728,993	18.96%
	2025	1,536,512	1,536,512	-	8,212,798	18.71%
Tier 2 Public Employees DC Only System*	2016	-	-	-	-	-
	2017	-	-	-	-	-
	2018	-	-	-	-	-
	2019	106,195	106,195	-	1,059,823	10.02%
	2020	107,093	107,093	-	1,068,798	10.02%
	2021	152,187	152,187	-	1,518,831	10.02%
	2022	170,776	170,776	-	1,704,350	10.02%
	2023	172,002	172,002	-	1,716,586	10.02%
	2024	182,629	182,629	-	1,890,197	9.66%
	2025	163,811	163,811	-	1,778,993	9.21%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified due to rounding and other administrative issues.

Notes to Required Supplementary Information: Changes in Assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

Compliance Reports

Summit Academy Incorporated
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending June 30, 2025

Grant/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Program Number	Pass Through to Subrecipients	Beginning Receivable (Unearned)	Receipts	Expenditures	Ending Receivable (Unearned)
U.S. Department of Agriculture							
Utah State Board of Education							
Child Nutrition Cluster:							
School Breakfast	10.553	8075	\$ -	\$ -	\$ 34,546	\$ 34,546	\$ -
National School Lunch (USDA donated commodities)	10.555	NA	-	-	93,049	93,049	-
National School Lunch	10.555	8075	-	-	320,842	320,842	-
Sub-total			-	-	448,437	448,437	-
Local Food for Schools Cooperative Agreement	10.185	8079	-	-	3,898	3,898	-
Total U.S. Department of Agriculture			-	-	452,335	452,335	-
U.S. Department of Education							
Utah State Board of Education							
Special Education Cluster:							
Special Education	84.027	7524	-	189,935	438,946	402,399	153,388
Special Education Preschool	84.173	7522	-	-	9,717	9,717	-
Sub-total			-	189,935	448,663	412,116	153,388
Education Stabilization Fund:							
COVID-19 ARPA-Elementary & Secondary Emerg. Relief Fund	84.425U	7225	-	14,790	86,671	71,881	-
Sub-total			-	14,790	86,671	71,881	-
Title 1	84.010	7801	-	1,176	49,773	58,294	9,697
English Language Acquisition	84.365	7880	-	-	7,305	7,305	-
Supporting Effective Instruction	84.367	7860	-	9,833	935	-	8,898
Student Support and Academic Enrichment Program	84.424	7905	-	3,663	14,295	10,632	-
Total U.S. Department of Education			-	219,397	607,642	560,228	171,983
Grand-total			\$ -	\$ 219,397	\$ 1,059,977	\$ 1,012,563	\$ 171,983

Summit Academy Incorporated
Notes to Schedule of Expenditures of Federal Awards

Basis for Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Summit Academy Incorporated (the School) under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the School.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the School's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Donated food commodities are recorded as revenue at acquisition value in the School's food services department. Donated food commodities are recorded as expenditures in the food services fund when they are consumed by the schools.

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Summit Academy Incorporated

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 and each major fund of the Summit Academy Incorporated, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 1, 2025.

Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit Academy Incorporated'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* and which are described in the accompanying schedule of findings.

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.

Aycock, Miles & Associates, CPAs

October 1, 2025
Roosevelt, Utah

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditor's Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the Uniform Guidance

Summit Academy Incorporated

Report on Compliance for Each Major Federal Program

We have audited Summit Academy Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Summit Academy Incorporated's major federal programs for the year ended June 30, 2025. Summit Academy Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Summit Academy Incorporated's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Summit Academy Incorporated's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Summit Academy Incorporated's compliance.

Opinion on Each Major Federal Program

In our opinion, Summit Academy Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Report on Internal Control over Compliance

Management of Summit Academy Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Summit Academy Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Summit Academy Incorporated's internal control over compliance.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

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

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

October 1, 2025

Roosevelt, Utah

Schedule of Single Audit Results, Findings and Questioned Costs

This report discusses three key areas for Summit Academy Incorporated: 1) a summary of auditor's results, 2) findings related to the financial statements, and 3) findings and questioned costs related to federal awards.

Summary of Auditor's Results

Financial Statement Opinion

The financial statement opinion was an unmodified opinion.

Internal Control Reportable Conditions

No material weaknesses or significant deficiencies were identified during financial statement audit.

Noncompliance Material to the Financial Statements

No instances of noncompliance material to the financial statements were disclosed during the audit.

Major Program Internal Controls Over Compliance

No material weaknesses or significant deficiencies were identified related to the audit of the major federal awards.

Opinion on Compliance for Major Programs

The audit report issued on compliance for major programs is unmodified.

Audit Findings Required to be Disclosed under Uniform Guidance Section 200.516 for Major Programs

There were no reportable conditions regarding compliance or internal controls over major programs that are required to be reported under Uniform Guidance 2 CFR 200.516(a).

Major Programs Identified

Based on the high and low-risk criteria and threshold amounts there was one major program identified: Special Education (ALN 84.027).

Dollar Threshold Used to Determine Type A & B Programs

The threshold used in this Single Audit was \$750,000 in determining Type A or B programs.

Low-Risk or High-Risk Auditee

The Academy qualified to be a low-risk auditee.

Findings Related to the Financial Statements

No current year findings in this area.

No prior year findings in this area.

Findings and Questioned Costs Related to Federal Awards

No matters were reported in the current or prior year.

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Independent Auditor's Report on Utah Compliance and Report on Internal Control Over Compliance as Required by the State of Utah Compliance Audit Guide

Summit Academy Incorporated

Report On Compliance

We have audited Summit Academy Incorporated's (Academy) compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas: budgetary compliance, fund balance limitations, restricted taxes and related revenues, fraud risk assessment, government fees, cash management, Utah Retirement Systems, crime insurance coverage, Open and Public Meetings Act, public education requirements and policies.

Opinion on Compliance

In our opinion, Summit Academy Incorporated, complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the State Compliance Audit Guide (Guide). Our responsibilities under those standards and the State Compliance Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of the government program as a whole.

Aycock, Miles & Associates, CPAs, P.C.

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In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Aycock, Miles & Associates, CPAs

October 1, 2025
Roosevelt, Utah