

SUMMIT ACADEMY OIC
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Governors
Summit Academy, OIC
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Summit Academy OIC, which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summit Academy OIC, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Summit Academy OIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Summit Academy OIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The financial responsibility ratio supplemental schedule as required by Department of Education 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 GAAS. In our opinion, the financial responsibility ratio supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 8, 2024

SUMMIT ACADEMY OIC
BALANCE SHEETS
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,304,179	\$ 3,456,711
Program Service Receivables	1,291,078	971,365
Pledges Receivable - Current Portion	1,743,004	2,442,013
Other Assets	<u>163,779</u>	<u>354,652</u>
Total Current Assets	<u>8,502,040</u>	<u>7,224,741</u>
PROPERTY AND EQUIPMENT		
Land	465,500	465,500
Building and Building Improvements	8,553,676	8,428,022
Automobiles	53,256	53,256
Furniture and Equipment	<u>3,411,886</u>	<u>3,043,030</u>
Total	<u>12,484,318</u>	<u>11,989,808</u>
Less: Accumulated Depreciation	6,961,827	6,306,048
Net Property and Equipment	<u>5,522,491</u>	<u>5,683,760</u>
OTHER ASSETS		
Right-of-Use Asset - Operating	102,150	199,480
Right-of-Use Asset - Finance	8,671	15,833
Investments - Long-Term	6,666,223	3,773,454
Pledges Receivable - Long-Term	<u>967,029</u>	<u>1,922,086</u>
Total Other Assets	<u>7,744,073</u>	<u>5,910,853</u>
Total Assets	<u><u>\$ 21,768,604</u></u>	<u><u>\$ 18,819,354</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lease Liability - Current Operating	\$ 171,802	\$ 167,030
Lease Liability - Current Finance	5,028	7,462
Accounts Payable	261,919	392,105
Deferred Financial Aid Revenue	309,878	149,719
Accrued Payroll and Related Expenses	1,111,452	753,636
Utility Contract Obligation - Short-Term	<u>37,036</u>	<u>37,036</u>
Total Current Liabilities	<u>1,897,115</u>	<u>1,506,988</u>
LONG-TERM LIABILITIES		
Lease Liability - Long-Term Operating	-	171,227
Lease Liability - Long-Term Finance	3,345	8,838
Asset Retirement Obligation	285,790	272,181
Utility Contract Obligation - Long-Term	<u>332,042</u>	<u>369,078</u>
Total Long-Term Liabilities	<u>621,177</u>	<u>821,324</u>
Total Liabilities	2,518,292	2,328,312
NET ASSETS		
Without Donor Restrictions	14,322,256	10,495,418
With Donor Restrictions	<u>4,928,056</u>	<u>5,995,624</u>
Total Net Assets	<u>19,250,312</u>	<u>16,491,042</u>
Total Liabilities and Net Assets	<u><u>\$ 21,768,604</u></u>	<u><u>\$ 18,819,354</u></u>

See accompanying Notes to Financial Statements.

SUMMIT ACADEMY OIC
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

SUPPORT AND REVENUE	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Government Grants	\$ 3,113,790	\$ -	\$ 3,113,790	\$ 3,834,492	\$ -	\$ 3,834,492
Contributions of Nonfinancial Assets	29,790	-	29,790	53,763	-	53,763
Contributions from Individuals, Corporations, and Foundations	<u>8,427,398</u>	<u>900,859</u>	<u>9,328,257</u>	<u>3,000,699</u>	<u>3,683,614</u>	<u>6,684,313</u>
Total Support	<u>11,570,978</u>	<u>900,859</u>	<u>12,471,837</u>	<u>6,888,954</u>	<u>3,683,614</u>	<u>10,572,568</u>
 Revenue:						
Federal Student Financial Aid	50,538	-	50,538	39,105	-	39,105
State Student Financial Aid	701,666	-	701,666	682,152	-	682,152
Net Tuition, net of scholarships of \$2,053,117 in 2024 and \$2,395,927 in 2023, Respectively	1,598,698	-	1,598,698	1,413,572	-	1,413,572
Rental Income	129,600	-	129,600	129,600	-	129,600
Special Events (Net of Direct Benefits of \$241,769 and \$218,958 for the Years Ended June 30, 2024 and 2023, Respectively)	492,672	-	492,672	561,922	-	561,922
Investment Income	321,411	183,403	504,814	122,220	129,602	251,822
Other	<u>103,665</u>	<u>-</u>	<u>103,665</u>	<u>154,481</u>	<u>-</u>	<u>154,481</u>
Total Revenue	<u>3,398,250</u>	<u>183,403</u>	<u>3,581,653</u>	<u>3,090,427</u>	<u>-</u>	<u>3,220,029</u>
 Total	 <u>14,969,228</u>	 <u>1,084,262</u>	 <u>16,053,490</u>	 <u>9,979,381</u>	 <u>3,813,216</u>	 <u>13,792,597</u>
 Net Assets Released from Restrictions	 <u>1,938,830</u>	 <u>(1,938,830)</u>	 <u>-</u>	 <u>2,243,582</u>	 <u>(2,243,582)</u>	 <u>-</u>
 Total Support and Revenue	 <u>16,908,058</u>	 <u>(854,568)</u>	 <u>16,053,490</u>	 <u>12,222,963</u>	 <u>1,569,634</u>	 <u>13,792,597</u>

See accompanying Notes to Financial Statements.

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SUMMIT ACADEMY OIC
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

EXPENSES	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program Services:						
Training Service	\$ 6,361,852	\$ -	\$ 6,361,852	\$ 5,872,065	\$ -	\$ 5,872,065
Total Program Services	<u>3,090,660</u>	<u>-</u>	<u>3,090,660</u>	<u>2,745,132</u>	<u>-</u>	<u>2,745,132</u>
	<u>9,452,512</u>	<u>-</u>	<u>9,452,512</u>	<u>8,617,197</u>	<u>-</u>	<u>8,617,197</u>
Supporting Services:						
Management and General	2,677,353	-	2,677,353	2,748,213	-	2,748,213
Rental Property	301,017	-	301,017	229,517	-	229,517
Fundraising	978,272	-	978,272	941,329	-	941,329
Total Supporting Services	<u>3,956,642</u>	<u>-</u>	<u>3,956,642</u>	<u>3,919,059</u>	<u>-</u>	<u>3,919,059</u>
	<u>13,409,154</u>	<u>-</u>	<u>13,409,154</u>	<u>12,536,256</u>	<u>-</u>	<u>12,536,256</u>
Total Expenses	3,498,904	(854,568)	2,644,336	(313,293)	1,569,634	1,256,341
CHANGE IN OPERATING NET ASSETS						
NONOPERATING ACTIVITY						
Insurance Proceeds	327,934	-	327,934	-	-	-
Loss on Write-down of Pledge	<u>-</u>	<u>(213,000)</u>	<u>(213,000)</u>	<u>(213,000)</u>	<u>-</u>	<u>-</u>
Total Nonoperating Activity	<u>327,934</u>	<u>(213,000)</u>	<u>114,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS						
	<u>3,826,838</u>	<u>(1,067,568)</u>	<u>2,759,270</u>	<u>(313,293)</u>	<u>1,569,634</u>	<u>1,256,341</u>
	<u>10,495,418</u>	<u>5,995,624</u>	<u>16,491,042</u>	<u>10,808,711</u>	<u>4,425,990</u>	<u>15,234,701</u>
NET ASSETS - END OF YEAR	<u><u>\$ 14,322,256</u></u>	<u><u>\$ 4,928,056</u></u>	<u><u>\$ 19,250,312</u></u>	<u><u>\$ 10,495,418</u></u>	<u><u>\$ 5,995,624</u></u>	<u><u>\$ 16,491,042</u></u>

See accompanying Notes to Financial Statements.

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SUMMIT ACADEMY OIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			Total
	Training	Service	Total	Management and General	Rental Property	Fundraising	
Salaries	\$ 3,344,371	\$ 1,791,137	\$ 5,135,508	\$ 1,629,295	\$ 74,962	\$ 615,249	\$ 7,455,014
Fringe Benefits	690,395	416,210	1,106,605	189,834	15,826	91,782	1,404,047
Professional Fees	429,903	230,717	660,620	374,719	28,350	123,588	1,187,277
Depreciation	382,803	166,579	549,382	36,964	108,739	26,644	721,729
Occupancy and Utilities	287,383	64,491	351,874	21,124	67,858	10,210	451,066
Equipment Rental and Maintenance	23,363	10,130	33,493	2,354	2,067	1,683	39,597
Classroom Supplies	357,437	9,905	367,342	-	-	-	367,342
Postage and Office Supplies	36,405	37,283	73,688	46,725	562	6,883	127,858
Training, Meetings, and Staff Travel	38,664	38,399	77,063	26,833	110	2,552	106,558
Public Relations and Recruiting	353,449	56,242	409,691	-	-	4,900	414,591
Student Assistance	295,106	177,397	472,503	-	-	-	472,503
Dues and Subscriptions	83,483	54,734	138,217	41,734	273	13,914	194,138
Bank Charges and Interest	-	184	184	22,783	-	16,408	39,375
Credit Loss Expense	-	-	-	200,543	-	-	200,543
General Operating Expenses	39,090	37,252	76,342	84,445	2,270	64,459	227,516
Subtotal	6,361,852	3,090,660	9,452,512	2,677,353	301,017	978,272	13,409,154
Plus Special Events Expenses	\$ 6,361,852	\$ 3,090,660	\$ 9,452,512	\$ 2,677,353	\$ 301,017	\$ 1,220,041	\$ 13,650,923
Total Expenses	<u>\$ 6,361,852</u>	<u>\$ 3,090,660</u>	<u>\$ 9,452,512</u>	<u>\$ 2,677,353</u>	<u>\$ 301,017</u>	<u>\$ 1,220,041</u>	<u>\$ 13,650,923</u>

See accompanying Notes to Financial Statements.

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SUMMIT ACADEMY OIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Total
	Training	Service	Total	Management and General	Rental Property	Fundraising	
Salaries	\$ 3,040,796	\$ 1,571,891	\$ 4,612,687	\$ 1,269,716	\$ 53,148	\$ 506,521	\$ 6,442,072
Fringe Benefits	621,338	392,215	1,013,553	155,080	10,974	72,275	1,251,882
Professional Fees	599,189	192,042	791,231	323,672	9,856	209,155	1,333,914
Depreciation	392,518	174,608	567,126	46,388	85,301	23,608	722,423
Occupancy and Utilities	314,375	66,427	380,802	27,928	64,192	8,059	480,981
Equipment Rental and Maintenance	28,236	14,297	42,533	4,149	4,374	2,101	53,157
Classroom Supplies	356,935	5,530	362,465	5	20	1	362,491
Postage and Office Supplies	31,414	34,039	65,453	28,850	393	10,676	105,372
Training, Meetings, and Staff Travel	30,906	17,850	48,756	21,289	31	2,480	72,556
Public Relations and Recruiting	277,729	47,925	325,654	12,500	-	215	338,369
Student Assistance	113,848	131,441	245,289	-	-	-	245,289
Dues and Subscriptions	50,325	50,491	100,816	32,442	213	17,234	150,705
Bank Charges and Interest	-	864	864	15,715	-	9,382	25,961
General Operating Expenses	14,456	32,304	46,760	105,842	1,015	79,622	233,239
CARES Act Student	-	13,208	13,208	-	-	-	13,208
CARES Act Institutional	-	-	-	704,637	-	-	704,637
Subtotal	5,872,065	2,745,132	8,617,197	2,748,213	229,517	941,329	12,536,256
Plus Special Events Expenses	-	-	-	-	-	210,492	210,492
Total Expenses	\$ 5,872,065	\$ 2,745,132	\$ 8,617,197	\$ 2,748,213	\$ 229,517	\$ 1,151,821	\$ 12,746,748

See accompanying Notes to Financial Statements.

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SUMMIT ACADEMY OIC
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,759,270	\$ 1,256,341
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Unrealized Loss (Gain) on Investments	(228,294)	(99,591)
Depreciation	721,729	722,423
Cash Received from Capital Campaign	(712,969)	(176,737)
Gain on Lease Termination	-	12,625
Asset Retirement Obligation	13,609	12,961
Amortization of Right-of-Use Asset - Finance Lease	4,955	92,645
Noncash Lease Expense - Operating Lease	(69,600)	-
Lease Liability Adjustment	-	30,783
Credit Loss Expense	200,543	29,244
Loss of Pledge Write Off	213,000	-
Change in Current Assets and Liabilities:		
Program Service Fee Receivables	(319,713)	166,756
Pledges Receivable	1,240,523	(1,069,419)
Other Assets	190,873	(113,225)
ROU Liability	(276)	-
Deferred Rent	-	(208,800)
Accounts Payable	(130,186)	(49,793)
Deferred Financial Aid Revenue	160,159	116,341
Solar Panel Contract	(37,036)	(37,036)
Accrued Payroll and Related Expenses	357,816	(132,347)
Net Cash Provided by Operating Activities	<u>4,364,403</u>	<u>553,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,177,104)	(144,118)
Proceeds from Sale of Investments	512,629	35,200
Purchase of Property and Equipment	(560,460)	(718,932)
Net Cash Used by Investing Activities	<u>(3,224,935)</u>	<u>(827,850)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received from Capital Campaign	712,969	176,737
Payments on Finance Leases	(4,969)	(19,426)
Net Cash Provided by Financing Activities	<u>708,000</u>	<u>157,311</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents - Beginning of Year	<u>3,456,711</u>	<u>3,574,079</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,304,179</u>	<u>\$ 3,456,711</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash Disclosures:		
Cash Payments for Interest	\$ 39,376	\$ 25,960
Donated Stock	<u>\$ 29,694</u>	<u>\$ 30,982</u>

See accompanying Notes to Financial Statements.

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Summit Academy OIC (the Organization), a nonprofit organization based in Minneapolis, Minnesota, trains and retrains the unemployed and underemployed, secures placement for trainees in jobs, and promotes other educational and developmental programs. The Organization has been accredited as a post-secondary vocational school by the Council on Occupational Education.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Those resources over which the board of directors has discretionary control. These resources are available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restriction – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time or to be held in perpetuity.

Measurement of Operations

In its statements of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activity consists primarily of insurance proceeds that the Organization received in the year ending June 30, 2024 and also contributions and expenses relating to the capital campaign.

Cash

The Organization maintains its cash in checking, savings, certificate of deposits, and money market accounts which, at times, may exceed federally insured limits.

Program Service Receivables

Program service receivables are recorded for amounts that have been earned on government grants during the fiscal year, as well as amounts due for the annual golf event. The Organization provides an allowance for credit loss using the allowance method, which is based on management judgment considering historical information. Services are performed on an unsecured basis based on the related grant and no interest is charged. An allowance for credit loss is provided for receivables when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance, which is typically done at year-end. At June 30, 2024 and 2023, no allowance for credit loss was considered necessary. As of June 30, 2024, 2023 and 2022, the program service fee receivables were \$1,291,078, \$971,365 and \$1,138,121, respectively.

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Promises to give are recorded at their net realizable value. Long-term promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met. As of June 30, 2024 and 2023, an allowance for uncollectible pledges receivable of \$19,262 and \$33,676, respectively, was recorded.

Investments

Investments are carried at fair value, based upon quoted market prices. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur due to market fluctuation and that such changes could materially affect the amounts reported in the statements of financial position. Changes in quoted market value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are determined using the average cost method and are recorded on a trade-date basis.

Property and Equipment

Property and equipment includes fixed assets stated at cost at date of acquisition or fair market value at date of donation in the case of donated property. The Organization capitalizes all additions greater than \$1,000. Depreciation of property and equipment is computed on the straight-line basis. The estimated useful lives in determining depreciation are:

Building and Building Improvements	10 to 30 Years
Furniture and Equipment	3 to 30 Years
Automobiles	5 Years

Unemployment Trust

The Organization participates in a trust in which premium payments are deposited to administer self-insurance unemployment claims. The balance as of June 30, 2024 and 2023 was \$105,481 and \$116,267, respectively, and is recorded in Other Assets.

Asset Retirement Obligation

The Organization has recorded an obligation to dispose of assets that are legally required to be removed at a future date. This obligation has been recorded at its estimated fair value using the net present value of the future obligation using a risk-free interest rate and an estimated inflationary rate.

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets—operating and lease liability, and finance leases are included in ROU assets—financing and lease liability in the balance sheets. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheets.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use their incremental borrowing rate. The Organization has elected not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease component as a single lease component.

Utility Contract Obligation

As discussed in Note 10, the Organization entered into three solar array agreements with Green2Solar Leasing. As part of this agreement, Green2Solar Leasing advanced \$545,000 to Summit Academy OIC to pay for solar equipment purchased. The \$545,000 will be amortized over the life of the three solar agreements (see Note 10 for agreement terms). As of June 30, 2024, the utility contract obligation is the remaining amount not amortized on this agreement.

Deferred Financial Aid Revenue

The Organization charges tuition to its students for a 20-week training program. The financial aid awarded a student for the tuition charge is recorded as deferred revenue on day one of classes and then recognized on a monthly basis as the class session progresses through the 20 weeks. As of June 30, 2024, 2023 and 2022, the deferred financial aid revenue was \$309,878, \$149,719 and \$33,378, respectively.

Governmental Grants and Financial Aid Revenue

Governmental grants and financial aid revenue are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant, are made or the required services are provided. Funds received but not yet earned are shown as deferred revenue. Expenditures under governmental grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Grants and Financial Aid Revenue (Continued)

A portion of the Organization's revenue is derived from cost reimbursable federal and state grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization received cost reimbursable grants of \$3,112,669 that have not been recognized at June 30, 2024, because qualifying expenditures have not yet been incurred.

Contributions

Contributions, unconditional promises to give (pledges receivable), and contributions of donated stock are recognized at fair values and are recorded as made. All contributions are available for general use unless specifically restricted by the donor.

Donor-restricted contributions are reported as increases in donor-restricted net assets. When these restrictions expire, donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Tax Status

Summit Academy OIC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota Statutes. Summit Academy OIC is not considered a private foundation and contributions to the Organization are considered tax deductible.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization's tax returns are subject to review and examination by federal and state authorities.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Salary costs are charged directly to the program they relate to and related costs are allocated based on full-time equivalents. Other costs have been allocated among the program and the supporting services based on full-time equivalents or square footage.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy

In accordance with accounting standards, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for the identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of investments measured on a recurring basis were as follows as of June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Exchange Traded Funds - International Equities	\$ 330,519	\$ -	\$ -	\$ 330,519
Exchange Traded Funds - U.S. Bonds	-	1,982,154	-	1,982,154
Exchange Traded Funds - U.S. Equities	1,321,518	-	-	1,321,518
U.S. Treasury Bill	-	2,494,015	-	2,494,015
U.S. Treasury Note and Bond		528,108	-	528,108
Cash	-	-	-	9,909
Total Investments	\$ 1,652,037	\$ 5,004,277	\$ -	\$ 6,666,223

	2023			
	Level 1	Level 2	Level 3	Total
Exchange Traded Funds - International Equities	\$ 293,614	\$ -	\$ -	\$ 293,614
Exchange Traded Funds - U.S. Bonds	2,255,881	-	-	2,255,881
Exchange Traded Funds - U.S. Equities	1,223,900	-	-	1,223,900
Cash	-	-	-	59
Total Investments	\$ 3,773,395	\$ -	\$ -	\$ 3,773,454

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to our customers (students), in an amount that reflects the consideration we expect to be entitled in exchange for those goods or services.

The Organization has five 20-week cohorts. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proratably over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's cohort. Generally, payments for tuition are due prior to the start of the academic terms. Most students obtain Title IV or other financial aid resulting in the Organization receiving a significant amount of the transaction price at the beginning of the academic term.

Change in Accounting Principle

On July 1, 2023, the Academy adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including trade account receivables. The adoption of this standard did not have a material impact on the Academy's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 8, 2024, the date the financial statements were available to be issued.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 LIQUIDITY

The following table reflects the Organization's financial assets as of June 30 that are available to meet general expenditures within one year of the statement of financial position date.

	2024	2023
Cash and Cash Equivalents	\$ 5,304,179	\$ 3,456,711
Program Service Fee Receivables	1,291,078	971,365
Pledges Receivable - Current Portion	1,743,004	2,442,013
Pledges Receivable - Long-Term Portion	967,029	1,922,086
Less: Restricted Net Assets (Included Above)	(2,512,490)	(1,894,008)
Add: Time Restricted Net Assets Available		
with One Year	100,000	742,000
Total Financial Assets	<u>\$ 6,892,800</u>	<u>\$ 7,640,167</u>

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 3 CONCENTRATIONS

The Organization maintains a portion of its cash balance in accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. Three accounts held by the Organization was over the FDIC limit at June 30, 2024, in the amount of \$4,788,222. There was one account held by the Organization that were over the FDIC limit at June 30, 2023, in the amount of \$1,681,573.

The Organization receives much of its funding through grants to fund programs. A significant amount of the Organization's program service revenue and program service receivables is from a limited number of governmental agencies for 2024 and 2023.

During the year 2024, three entities represented 50% of the contributions received during the year. During the year 2023, two entities represented 28% of the contributions received during the year. Additionally, of the contributions received during June 30, 2024 and 2023, approximately \$695,000 and \$910,000, respectively were from board members.

At June 30, 2024, one entity made up 22% of support receivables. At June 30, 2023, one entity made up 11% of support receivables. Additionally, of the support receivables at June 30, 2024 and 2023, approximately \$21,500 and \$705,000, respectively, were from board members.

At June 30, 2024, no entities made up over 10% of program receivables. At June 30, 2023, no entities made over 10% of program receivables.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2024	2023
Annual Pledges Receivable	\$ 1,158,291	\$ 2,113,802
Capital Campaign Pledges Receivable	1,571,004	2,283,973
Allowance for Uncollectible Pledges	(19,262)	(33,676)
Total	<u>\$ 2,710,033</u>	<u>\$ 4,364,099</u>
Amounts Due in:		
Less than One Year	\$ 1,743,004	\$ 2,442,013
One to Five Years	967,029	1,922,086
Total	<u>\$ 2,710,033</u>	<u>\$ 4,364,099</u>

The imputed interest rate utilized for computing the discount for long-term pledges was 4.71% and 4.91% for years ended June 30, 2024 and 2023, respectively.

NOTE 5 INVESTMENTS

Investments consist of the following as of June 30:

	2024
Exchange Traded Funds - International Equities	\$ 330,519
Exchange Traded Funds - U.S. Bonds	1,982,154
Exchange Traded Funds - U.S. Equities	1,321,518
U.S. Treasury Bill	2,494,015
U.S. Treasury Note and Bond	528,108
Cash	9,909
Total Investments	<u>\$ 6,666,223</u>
	2023
Exchange Traded Funds - International Equities	\$ 293,614
Exchange Traded Funds - U.S. Bonds	2,255,881
Exchange Traded Funds - U.S. Equities	1,223,900
Cash	59
Total Investments	<u>\$ 3,773,454</u>

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 NOTES PAYABLE

The Organization also entered into a Revolving Line of Credit during 2016. Available borrowings under the line of credit are \$1,200,000. Interest is payable monthly at 1.00% above the bank's index rate (3.25% at June 30, 2024), with a floor on the interest rate of 5.00%. The note is due on demand, but if no demand is made, the note was originally due in full on November 15, 2019. Effective December 10, 2020, the note was renewed until November 15, 2021. Effective March 11, 2022, the note was renewed with a maturity date of March 11, 2023. Effective March 14, 2023, the note was renewed with a maturity date of March 11, 2024. The note is secured by a mortgage on the property located at 935 Olson Memorial Highway and all business assets. No balance was due as of June 30, 2024 or 2023.

NOTE 7 NET ASSETS

Donor-Restricted Net Assets

Net assets with donor restrictions consist of the following as of June 30:

	2024	2023
Time Restricted Pledges	\$ 2,415,566	\$ 4,101,616
Purpose Restricted for Programs	858,137	401,120
Purpose Restricted, Earnings on Endowment	375,775	201,310
Total	<u>\$ 3,649,478</u>	<u>\$ 4,704,046</u>
 Held in Perpetuity		
Building and Maintenance	\$ 639,289	\$ 645,789
Innovation/Strategic Opportunity Fund	639,289	645,789
Total	<u>\$ 1,278,578</u>	<u>\$ 1,291,578</u>
 Total Restricted Net Assets	 <u>\$ 4,928,056</u>	 <u>\$ 5,995,624</u>

Restrictions Released

Net assets restrictions were released as a result of the following conditions being met:

	2024	2023
Program Expenditures	\$ 81,841	\$ 92,025
Time Restrictions Met	2,069,989	2,151,557
Total	<u>\$ 2,151,830</u>	<u>\$ 2,243,582</u>

**SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 ENDOWMENT

Donor-Restricted Endowments

Summit Academy OIC has donor-restricted endowment funds established for building and maintenance and innovation/strategic opportunity. Net assets of the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of trustees of Summit Academy OIC has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Summit Academy OIC classifies as net assets with donor restrictions the original value of the gifts to the donor-restricted endowment, the value of subsequent gifts to the donor-restricted endowment, and accumulated earnings that are required to be classified as donor-restricted based on donor stipulations. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction held in perpetuity is classified as net assets with donor restriction that is purpose restricted until those amounts are appropriated for expenditure by Summit Academy OIC in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2024 and 2023, Summit Academy OIC had no endowment funds that were underwater.

Return Objectives and Risk Parameters, Investment, and Spending Policies

Summit Academy OIC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Summit Academy OIC must hold in perpetuity. Under this policy, as approved by the board of trustees, the endowment assets having exceeded a cash balance of \$500,000 have been invested in a manner intended to produce results that meet or exceed the price and yield results of a moderate allocation model. The board will review annually the management of funds and its decision to manage the fund internally or hire an external investment manager to manage the funds to meet Summit Academy OIC board's requirements.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters, Investment, and Spending Policies (Continued)

Changes in donor-restricted endowment net assets for the years ended June 30 were as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2023	\$ -	\$ 1,492,888	\$ 1,492,888
Loss on Write Off of Pledge	- -	(13,000)	(13,000)
Investment Income	- -	183,403	183,403
Appropriations	- -	(8,938)	(8,938)
Endowment Fund Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 1,654,353</u>	<u>\$ 1,654,353</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2022	\$ -	\$ 1,363,286	\$ 1,363,286
Investment Income	- -	129,602	129,602
Endowment Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ 1,492,888</u>	<u>\$ 1,492,888</u>

Once the funds are invested, investment income from certain donor-restricted assets held in perpetuity, by order of the gift requirements, will be classified as income without donor restrictions that is purpose restricted.

NOTE 9 LEASES

The Organization leases certain equipment and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options up to three years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Council to pay real estate taxes, insurance, and repairs. The Organization does not have any covenants with these agreements or required to maintain certain financial ratios.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 LEASES (CONTINUED)

The following table provides quantitative information concerning the Council's leases as of June 30:

	2024	2023
Right-of-Use Assets:		
Financing Leases, Net	\$ 8,671	\$ 15,833
Operating Leases, Net	102,150	199,480
Total	<u>\$ 110,821</u>	<u>\$ 215,313</u>
 Lease Liabilities:		
Current:		
Financing Leases	\$ 5,028	\$ 7,462
Operating Leases	171,802	167,030
Noncurrent:		
Financing Leases	3,345	8,838
Operating Leases	-	171,227
Total	<u>\$ 180,175</u>	<u>\$ 354,557</u>
 Finance Lease Costs:		
Amortization of ROU Assets	\$ 4,955	\$ 18,197
Interest on Lease Liabilities	131	662
Operating Lease Costs	104,400	104,400
Total	<u>\$ 109,486</u>	<u>\$ 123,259</u>
 Other Information:		
Operating Cash Flows from Finance Leases	\$ 131	\$ 662
Operating Cash Flows from Operating Leases	\$ 174,000	\$ 174,000
Financing Cash Flows from Finance Leases	\$ 4,969	\$ 19,426
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liability	\$ -	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liability	\$ -	\$ 292,126
Weighted Average Remaining Lease Term - Finance Leases	1.7 Years	2.3 Years
Weighted Average Remaining Lease Term - Operating Leases	1.0 Years	2.0 Years
Weighted Average Discount Rate - Finance Leases	1.18%	1.78%
Weighted Average Discount Rate - Operating Leases	2.85%	2.85%

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 174,000	\$ 5,100
2026	-	3,360
Total Lease Payments	174,000	8,460
Less: Interest	(2,198)	(87)
Present Value of Lease Liabilities	<u><u>\$ 171,802</u></u>	<u><u>\$ 8,373</u></u>

NOTE 10 SOLAR ARRAY AGREEMENT

During the 2020, Summit Academy OIC entered into three separate agreements to purchase power from Green2Solar Leasing. The power will be generated from the solar array atop of the Organization's building. The agreements require Summit Academy OIC to purchase the solar equipment from another Organization, Ideal Energies, for a total of \$545,000. As part of the agreements with Green2Solar Leasing, Summit Academy OIC was advanced \$545,000 from Green2Solar Leasing as a pre-payment on the agreement. Summit Academy OIC used these proceeds to purchase the solar equipment.

As a result of the agreements, Summit Academy OIC has a utility contract obligation of \$545,000 which is presented as a liability on the statement of financial position. The utility contract obligation will be amortized over the life of the agreement with Green2Solar Leasing. Approximately \$275,000 will be amortized over 13 years and \$270,000 will be amortized over 17 years. As of June 30, 2024 and 2023, the utility contract obligation was \$369,078 and \$406,114, respectively.

NOTE 11 RENTAL INCOME

The Organization has a lease agreement to lease part of their building to Summit Early Learning Center, Inc. Effective January 1, 2016, rent on this lease is based on a month-to-month basis with monthly payments of \$10,800. The total lease amount for each of the fiscal years 2024 and 2023 was \$129,600 and \$129,600, respectively.

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization has a 401(k) profit-sharing plan to which it makes an annually determined discretionary contribution up to a maximum of 4% of employee compensation. All employees who meet certain minimum employment and age requirements are eligible to participate. The Organization's discretionary contribution to the plan was \$149,482 and \$147,511 for 2024 and 2023, respectively.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ending June 30:

	<u>2024</u>	<u>2023</u>	<u>Fair Value Techniques</u>
Information Technology Supplies	\$ -	\$ 24,005	Estimated at the Fair Value of the Supplies Received Provided by the Donor
Other - Supplies for Golf Event	<u>29,790</u>	<u>29,758</u>	Estimated at the Fair Value of the Item Received by the Donor
Total Contributed Non-Financial Assets	<u><u>\$ 29,790</u></u>	<u><u>\$ 53,763</u></u>	

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets. The information technology supplies contributed are used by students during their training courses. The other contributed assets consist of items that the Organization uses as prizes during their annual campaign.

NOTE 14 RELATED PARTY TRANSACTIONS

The Organization had outstanding contribution receivables from trustee board members of \$695,000 and \$910,400 as of the years ended June 30, 2024 and 2023, respectively. During the years ending June 30, 2024 and 2023, the Organization had contributions from trustee board members and management of \$102,353 and \$704,865, respectively.

NOTE 15 CONTINGENCY

In the normal course of business, the Academy has claims made against them. As of June 30, 2024, the amount and likelihood of loss is not determined. The Academy believes these claims are without merit and intends to vigorously defend the matters.

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 16 COMPOSITE SCORE

The Organization participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the Organization is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the Organization's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended June 30, 2024 is as follows:

Primary Reserve Ratio:

Expendable Net Assets	\$ 12,518,597
Total Expenses/Losses	<u>\$ 13,409,154</u>
	<u>0.93</u>

Equity Ratio:

Modified Net Assets	\$ 19,250,312
Modified Assets	<u>\$ 21,768,604</u>
	<u>0.88</u>

Net Income Ratio:

Change in Net Assets Without Donor Restrictions	\$ 3,826,838
Total Revenues/Gains	<u>\$ 17,229,469</u>
	<u>0.22</u>

RATIO	Ratio	Strength		Composite Scores
		Factor	Weight	
Primary Reserve Ratio	0.9336	3.0000	40%	1.2000
Equity Ratio	0.8843	3.0000	40%	1.2000
Net Income Ratio	0.2221	3.0000	20%	0.6000
				<u>3.0000</u>

SUMMIT ACADEMY OIC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 16 COMPOSITE SCORE (CONTINUED)

Net Assets		
Net assets with donor restrictions: restricted in perpetuity	\$	1,278,578
Other net assets with donor restrictions (not restricted in perpetuity):		
a. Annuities with donor restrictions	\$	-
b. Term endowments	\$	-
c. Life income funds (trusts)	\$	-
d. Total annuities, term endowments, and life income funds with donor restrictions	<hr/>	<hr/>
Property, Plant, and Equipment, net		
Pre-implementation property, plant, and equipment, net		
a. Ending balance of pre-implementation as of June 30, 2024	\$	3,457,584
b. Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	\$	-
c. Less subsequent depreciation and disposals (net of accumulated depreciation)	<hr/>	<hr/>
d. Balance pre-implementation property, plant, and equipment, net	<hr/>	<hr/>
Debt financed post-implementation property, plant, and equipment, net		
Long-lived assets acquired with debt subsequent to June 30, 2020:		
a. Equipment	\$	-
b. Land improvements	\$	-
c. Building	\$	-
d. Total property, plant, and equipment, net acquired with debt exceeding 12 months	<hr/>	<hr/>
Construction in progress - acquired subsequent to June 30, 2020		-
Post-implementation property, plant, and equipment, net, acquired without debt:		
a. Long-lived assets acquired without use of debt subsequent to June 30, 2020	\$	2,310,727
Total Property, Plant, and Equipment, net - June 30, 2024	<hr/>	<hr/>
Debt to be excluded from expendable net assets		
Pre-implementation debt:		
a. Ending balance of pre-implementation as of June 30, 2021	\$	-
b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	\$	-
c. Less subsequent debt repayments	<hr/>	<hr/>
d. Balance Pre-implementation Debt	<hr/>	<hr/>
Allowable post-implementation debt used for capitalized long-lived assets:		
a. Equipment - all capitalized	\$	-
b. Land improvements	\$	-
c. Buildings	\$	-
d. Balance Post-implementation Debt	<hr/>	<hr/>
Construction in progress (CIP) financed with debt or line of credit		-
Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value		-
	<hr/>	<hr/>

SUMMIT ACADEMY OIC
FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE
JUNE 30, 2024

Primary Reserve Ratio:		
Expendable Net Assets:		
1 Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 14,322,256
2 SFP	Net assets with donor restrictions	\$ 4,928,056
3 Note 7	Net assets restricted in perpetuity	\$ 1,278,578
4 N/A	Unsecured related-party receivable	\$ -
5 N/A	Donor restricted annuities, term endowments, life income funds	\$ -
6 Note 13	Property, plant, and equipment pre-implementation	\$ 3,211,764
7 Note 13	Property, plant, and equipment post-implementation with outstanding debt for original purchase	\$ -
8 N/A	Construction in progress purchased with long-term debt	\$ -
9 Note 13	Post-implementation property, plant, and equipment, net, acquired without debt	\$ 2,310,727
10 N/A	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	\$ -
11 N/A	Lease right-of-use asset, post-implementation	\$ 110,821
12 N/A	Intangible assets	\$ -
13 N/A	Post-employment and pension liabilities	\$ -
14 Note 13	Long-term debt - for long-term purposes pre-implementation	\$ -
15 Note 13	Long-term debt - for long-term purposes post-implementation	\$ -
16 N/A	Line of credit for construction in progress	\$ -
17 N/A	Pre-implementation right-of-use asset liability	\$ -
18 N/A	Post-implementation right-of-use asset liability	\$ 180,175
Total Expenses and Losses:		
19 Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	\$ 13,409,154
20 N/A	Nonservice component of pension/postemployment (nonoperating) cost, (if loss)	\$ -
21 N/A	Sale of fixed assets (if loss)	\$ -
22 N/A	Change in value of interest-rate swap agreements (if loss)	\$ -
Equity Ratio:		
Modified Net Assets:		
23 SFP	Net assets without donor restrictions	\$ 14,322,256
24 SFP	Net assets with donor restrictions	\$ 4,928,056
25 N/A	Lease Right-of-use asset - Pre-implementation	\$ -
26 N/A	Lease Right-of-use liability - Pre-implementation	\$ -
27 N/A	Intangible assets	\$ -
28 N/A	Unsecured related-party receivables	\$ -
Modified Assets:		
29 SFP	Total assets	\$ 21,768,604
30 N/A	Lease right-of-use asset pre-implementation	\$ -
31 N/A	Intangible assets	\$ -
32 N/A	Unsecured related-party receivables	\$ -
Net Income Ratio:		
33 SOA	Change in Net Assets Without Donor Restrictions	\$ 3,826,838
Total Revenues and Gains Without Donor Restriction:		
34 SOA	Total operating revenue (including net assets released from restrictions)	\$ 16,908,058
35 SOA	Investments gain, net (aggregate operating and nonoperating interest, dividends, realized and unrealized gains)	\$ 321,411
36 SOA	Nonservice component of pension/postemployment (nonoperating) cost (if gain)	\$ -
37 SOA	Pension-related changes other than net periodic pension costs (if gain)	\$ -
38 SOA	Change in value of annuity agreement (typically in nonoperating)	\$ -
39 SOA	Change in value of interest-rate swap agreements (if gain)	\$ -
40 N/A	Sale of fixed assets (if gain)	\$ -
41 SOA	Other gains	\$ -



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