

Northstar Academy, Inc.

Financial Report

June 30, 2026

BROWNEDWARDS
certified public accountants

Northstar Academy, Inc.

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BROWNEDWARDS
certified public accountants

Independent Auditor's Report

To the Board of Directors
Northstar Academy, Inc.
Glen Allen, Virginia

Opinion

We have audited the accompanying financial statements of Northstar Academy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, 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 Northstar Academy, Inc. as of June 30, 2026 and 2025, 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. 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 Northstar Academy, Inc. 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 Northstar Academy Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 generally accepted 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, 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 Northstar Academy Inc.'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 Northstar Academy Inc.'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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Glen Allen, Virginia
October 6, 2026

Financial Statements

Northstar Academy, Inc.

Statements of Financial Position

June 30, 2026 and 2025

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,445,617	$ 4,036,188
Tuition receivables, net	274,286	184,435
Pledges receivable, net (Note 3)	27,936	1,060,893
Prepaid expenses	69,052	48,171
Other current assets	12,040	40,540
Total current assets	4,828,931	5,370,227
PROPERTY AND EQUIPMENT		
Buildings and improvements	8,985,075	3,477,551
Land	4,173,437	2,558,325
Vehicles	162,822	162,822
Furniture and equipment	682,948	640,083
Construction in progress	-	6,490,489
	14,004,282	13,329,270
Accumulated depreciation	(1,226,458)	(837,502)
Total property and equipment, net	12,777,824	12,491,768
OTHER ASSETS		
Pledges receivable, net (Note 3)	61,343	73,959
Intangible assets, net (Note 6)	1,770	2,160
Total other assets	63,113	76,119
Total assets	**$ 17,669,868**	**$ 17,938,114**

The Notes to Financial Statements are an integral part of these statements.

Northstar Academy, Inc.

Statements of Financial Position

June 30, 2026 and 2025

	2026	2025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 115,739	$ 26,312
Accrued expenses	321,715	323,757
Deferred tuition revenue	179,984	170,294
Current portion of note payable (Note 4)	500,000	800,000
Total current liabilities	1,117,438	1,320,363
LONG-TERM LIABILITIES		
Note payable, less current portion (Note 4)	-	500,000
Total liabilities	1,117,438	1,820,363
NET ASSETS		
Without donor restrictions (Note 8)		
Undesignated	14,934,991	8,498,629
Designated by the Board	1,082,504	1,834,274
Total net assets without donor restrictions	16,017,495	10,332,903
With donor restrictions (Note 7)		
Time-only restrictions	126,889	1,249,799
Purpose restrictions	358,046	4,535,049
Perpetual in nature	50,000	-
Total net assets with donor restrictions	534,935	5,784,848
Total net assets	16,552,430	16,117,751
Total liabilities and net assets	**$ 17,669,868**	**$ 17,938,114**

The Notes to Financial Statements are an integral part of these statements.

Northstar Academy, Inc.

Statement of Activities

Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Tuition and fees	$ 4,344,452	$ -	$ 4,344,452
Less financial aid	(467,019)	-	(467,019)
Net tuition and fees	3,877,433	-	3,877,433
Contributions	449,388	277,500	726,888
Other program revenue	43,927	-	43,927
Special events revenue	170,995	-	170,995
Less cost of direct benefits to donors	(61,238)	-	(61,238)
In-kind contributions	21,981	-	21,981
Net assets released from restrictions, operating	171,347	(171,347)	-
Total operating revenues	4,673,833	106,153	4,779,986
OPERATING EXPENSES			
Program services	4,111,865	-	4,111,865
Management and general	636,290	-	636,290
Fundraising	272,111	-	272,111
Total operating expenses	5,020,266	-	5,020,266
Change in net assets, operating	(346,433)	106,153	(240,280)
NON-OPERATING INCOME (EXPENSE)			
Contributions, capital campaign	-	567,960	567,960
Net assets released from restrictions, capital	5,924,364	(5,924,364)	-
Interest income	102,339	338	102,677
Miscellaneous income	4,322	-	4,322
Change in net assets, non-operating	6,031,025	(5,356,066)	674,959
Change in net assets	5,684,592	(5,249,913)	434,679
NET ASSETS, Beginning	10,332,903	5,784,848	16,117,751
NET ASSETS, Ending	**$ 16,017,495**	**$ 534,935**	**$ 16,552,430**

The Notes to Financial Statements are an integral part of this statement.

Northstar Academy, Inc.

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Tuition and fees	$ 3,908,894	$ -	$ 3,908,894
Less financial aid	(331,817)	-	(331,817)
Net tuition and fees	3,577,077	-	3,577,077
Contributions	465,768	-	465,768
Other program revenue	45,156	-	45,156
Special events revenue	125,308	-	125,308
Less cost of direct benefits to donors	(62,697)	-	(62,697)
In-kind contributions	28,236	-	28,236
Net assets released from restrictions, operating	1,357	(1,357)	-
Total operating revenues	4,180,205	(1,357)	4,178,848
OPERATING EXPENSES			
Program services	3,609,285	-	3,609,285
Management and general	620,127	-	620,127
Fundraising	329,739	-	329,739
Total operating expenses	4,559,151	-	4,559,151
Change in net assets, operating	(378,946)	(1,357)	(380,303)
NON-OPERATING INCOME (EXPENSE)			
Contributions, capital campaign	-	1,180,617	1,180,617
Net assets released from restrictions, capital	1,183,659	(1,183,659)	-
Interest income	193,705	-	193,705
Miscellaneous income	3,257	-	3,257
Change in net assets, non-operating	1,380,621	(3,042)	1,377,579
Change in net assets	1,001,675	(4,399)	997,276
NET ASSETS, Beginning	9,331,228	5,789,247	15,120,475
NET ASSETS, Ending	**$ 10,332,903**	**$ 5,784,848**	**$ 16,117,751**

The Notes to Financial Statements are an integral part of this statement.

Northstar Academy, Inc.

Statement of Functional Expenses

Year Ended June 30, 2026

	Program Services			Supporting Services		
	Career Academy	Northstar Academy K-12	Total	Management and General	Fundraising	Total
Salaries and related	$ 701,294	$ 2,289,025	$ 2,990,319	$ 442,434	$ 205,318	$ 3,638,071
Educational supplies	39,808	41,951	81,759	-	34	81,793
Lunches	114	66,151	66,265	-	-	66,265
Professional fees	-	10,339	10,339	102,773	-	113,112
Training and conferences	1,887	7,230	9,117	1,406	1,188	11,711
Technology	8,960	51,932	60,892	6,140	11,171	78,203
Occupancy	54,248	301,168	355,416	33,529	13,725	402,670
Advertising and marketing	14,500	64,121	78,621	650	2,705	81,976
Office	14,090	43,028	57,118	1,010	5,760	63,888
Direct cost of special events	-	-	-	-	61,238	61,238
Depreciation and amortization	73,319	266,825	340,144	31,391	15,696	387,231
Other	10,351	51,524	61,875	16,957	16,514	95,346
Total expense by function	918,571	3,193,294	4,111,865	636,290	333,349	5,081,504
Less expenses included with revenues on the direct benefit to donors	-	-	-	-	(61,238)	(61,238)
Total expenses included in the expense section on the statement of activities	**$ 918,571**	**$ 3,193,294**	**$ 4,111,865**	**$ 636,290**	**$ 272,111**	**$ 5,020,266**

The Notes to Financial Statements are an integral part of this statement.

Northstar Academy, Inc.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services			Supporting Services		
	Career Academy	Northstar Academy K-12	Total	Management and General	Fundraising	Total
Salaries and related	$ 666,074	$ 2,162,675	$ 2,828,749	$ 373,179	$ 251,097	$ 3,453,025
Educational supplies	29,339	36,748	66,087	-	45	66,132
Lunches	3,242	61,599	64,841	-	-	64,841
Professional fees	-	12,503	12,503	177,259	-	189,762
Training and conferences	690	12,271	12,961	2,464	795	16,220
Technology	7,513	47,249	54,762	1,587	13,655	70,004
Occupancy	57,623	220,454	278,077	34,244	19,572	331,893
Advertising and marketing	14,501	52,823	67,324	1,789	9,823	78,936
Office	10,783	45,352	56,135	1,346	16,774	74,255
Direct cost of special events	-	-	-	-	62,697	62,697
Depreciation and amortization	17,125	72,779	89,904	8,562	6,422	104,888
Other	12,763	65,179	77,942	19,697	11,556	109,195
Total expense by function	819,653	2,789,632	3,609,285	620,127	392,436	4,621,848
Less expenses included with revenues on the direct benefit to donors	-	-	-	-	(62,697)	(62,697)
Total expenses included in the expense section on the statement of activities	**$ 819,653**	**$ 2,789,632**	**$ 3,609,285**	**$ 620,127**	**$ 329,739**	**$ 4,559,151**

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Northstar Academy, Inc.

Statements of Cash Flows

Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING ACTIVITIES		
Change in net assets	$ 434,679	$ 997,276
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	387,231	104,888
Contributions restricted for long-term purposes	(567,960)	(1,180,617)
Decrease (increase) in operating assets		
Tuition receivable, net	(89,851)	123,959
Pledges receivable, net	1,045,573	454,362
Prepaid expenses	(20,881)	(10,321)
Other current assets	28,500	(7,540)
Increase (decrease) in operating liabilities		
Accounts payable	89,427	(401,896)
Accrued expenses	(2,042)	20,395
Deferred tuition revenue	9,690	11,021
Net cash provided by operating activities	1,314,366	111,527
INVESTING ACTIVITIES		
Purchases of property and equipment	(672,897)	(4,587,696)
Net cash used in investing activities	(672,897)	(4,587,696)
FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	567,960	1,180,617
Principal payments on notes payable	(800,000)	(800,000)
Net cash provided by (used in) financing activities	(232,040)	380,617
Net change in cash and cash equivalents	409,429	(4,095,552)
CASH AND CASH EQUIVALENTS, Beginning	4,036,188	8,131,740
CASH AND CASH EQUIVALENTS, Ending	**$ 4,445,617**	**$ 4,036,188**

Northstar Academy, Inc.
Notes to Financial Statements
June 30, 2026

Note 1 – Nature and Mission of the Organization

Northstar Academy, Inc. (the "Academy") is a nonprofit private school promoting educational excellence and career opportunities for students with disabilities who have academic, physical, or social challenges. The Academy has two programs: an academic program serving Kindergarten-12th grade and a Career Academy providing job skills training. The Academy operates in Henrico County, Virginia and accepts students from surrounding counties and cities. The Academy is funded through tuition fees for service, contributions, and grants.

The Academy is accredited by the Virginia Association of Independent Schools and licensed by the Virginia Department of Education. The Academy is also licensed to serve 12 of the 13 disability categories identified by the Individuals with Disabilities Education Act.

By welcoming this wide variety of students, the Academy represents the broader community and offers students opportunities to learn from one another. The Academy is recognized for educating a student population of diverse abilities, using strategies and a research-backed curriculum to motivate students to reach their highest aspirations.

Management and general activities include the functions necessary to provide support for the Academy's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Academy are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis.

Basis of Presentation

The Academy reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction. The net asset classes are summarized as follows:

- Net assets without donor restrictions include revenue and expenses used currently for the general operations of the Academy. These net assets may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. General contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the donor restrictions expire or are met in the fiscal year in which the contributions are recognized.
- Net assets with donor restrictions include contributions with donor-imposed restrictions that may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or that may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Academy considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Academy's financial assets, potentially subject to credit risk, include cash and cash equivalents and tuition receivables. At times, the Academy may have cash and cash equivalents at a financial institution in excess of insured limits. The Academy places its cash and cash equivalents with a financial institution whose credit rating is monitored by management to minimize the concentration of credit risk.

Tuition Receivables

The Academy's tuition receivables are obligations primarily from families and school systems. Such receivables are unsecured and subject to credit risk. The receivables are presented net of an allowance for credit losses. Management determines the allowance for credit losses by regularly evaluating individual receivables and considering a student's financial condition, credit history, current economic conditions, and reasonable supportable forecasts. Receivables are written off after all reasonable collection efforts have been made. The Academy believes all receivables to be fully collectible and, accordingly, no allowance for credit losses has been recorded.

Pledges Receivable

Pledges receivable are recognized as revenue in the period pledged. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at present value of their estimated future cash flows if expected to be collected in more than one year. The allowance for doubtful pledges is based upon management's assessment of historical and expected net collection. Pledges receivable are charged against the allowance when deemed to be uncollectible.

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Donated items are recorded at fair market value at the date of contribution. The Academy capitalizes additions of property and equipment in excess of $1,000 cost or fair value, if donated. Depreciation is computed using the straight-line method and provided over the estimated useful life of each class of depreciable assets, generally 5 years for vehicles, 5 to 10 years for furniture and equipment, and 7 to 39 for buildings and improvements. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. Betterments and renewals are capitalized.

Intangible Assets

Intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years for website and software.

Endowment

The Academy's endowment consists of a single donor-restricted fund that the donor requires to be held in perpetuity, with the related investment earnings restricted by the donor. In accordance with the applicable state enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Academy classifies the original value of the gift as net assets with donor restrictions that must be maintained permanently and classifies unappropriated earnings as net assets with donor restrictions until appropriated for expenditure by the Board of Directors. As of June 30, 2026, the Board had not adopted formal endowment investment or spending policies, and the endowment assets were held in a money market account; accordingly, no amounts were appropriated for expenditure during the year. The Academy considers a fund to be underwater when its fair value falls below the amount required to be retained in perpetuity, and there were no underwater endowment funds as of June 30, 2026.

Income Taxes

The Academy is exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code*. In addition, the Academy qualifies for charitable contributions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Academy is subject to tax on any unrelated business income that it may generate.

The Academy follows generally accepted accounting principles regarding “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Academy’s financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The Academy determined that it did not have any material unrecognized tax benefits or obligations at June 30, 2026 and 2025.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The financial statements report certain categories of expenses that are attributable to more than one supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation and amortization, which are allocated on a square footage basis. Additionally, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other expenses are allocated based on estimates of time and usage.

Use of Estimates

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

Operating Results

Operating activities in the statements of activities illustrate a measure of how the Academy is maintaining the resources available for its “current operations.” Operations reflect all transactions increasing or decreasing net assets, except those of a capital nature. Net assets released from restrictions which satisfy an operating purpose are also classified as operating.

Advertising and Marketing Costs

The Academy expenses advertising and marketing costs as they are incurred. During the years ended June 30, 2026 and 2025, advertising and marketing expenses were $81,976 and $78,936, respectively.

Revenue and Revenue Recognition

Tuition and Program Fees

The Academy is required to recognize revenue under a contractual model when a pre-identified performance obligation has been satisfied. Revenue from tuition and program fees is recognized ratably over the class period or at a point in time when singular sessions are held. Class years always begin and end during a single fiscal year although some summer school class periods cross fiscal years. All other program revenues, such as tutoring, therapy, or after-school care, are recognized at the point in time when the classes start and are paid for the entire balance during the fiscal year. The timing of cash collection and revenue recognition may result in deferred revenue when a family or school system pays for classes or sessions in the next fiscal year. The transaction price is predetermined when the contract is entered into by the family or school system and there are no variable prices. Total revenue recognized at a point in time was $245,372 and $203,931 and revenue recognized over time was $4,314,002 and $3,875,427 during the years ended June 30, 2026 and 2025, respectively.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor-imposed restrictions are reported as net assets with donor restrictions until the restrictions are met or as restricted in perpetuity. At the time purpose or time restrictions are met, they are reported as net assets released from restrictions, including when the restrictions are satisfied in the same period as the receipt of the contribution.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. A number of volunteers may have donated significant amounts of their time to the Academy and its programs including both operations of the school and the Career Academy; however, these donated services are not reflected in the financial statements since the recognition criteria under accounting standards were not met. The Academy received goods and services donated during the years ended June 30, 2026 and 2025 for sale at auction during the annual special event that were included in other revenues on the statements of activities.

Deferred Revenue

The timing of cash collection and revenue recognition may result in deferred revenues when a family or school system pays for classes or sessions in the next fiscal year. Revenue is recognized either at the starting date or ratably over the time of the classes or sessions.

Financial Aid

The Academy provides financial aid in the form of scholarships and tuition discounts for early registration. The amount of scholarships provided by the Academy is determined by a committee of the Academy based on financial need of the family and information from an independent service that assesses the amount that a family can afford. For the years ended June 30, 2026 and 2025, the amount of scholarships awarded was $383,532 and $254,034 and the amount of discounts for early registration was $83,487 and $77,783, respectively.

Note 3 – Pledges Receivable

Pledges receivable at June 30 consisted of the following:

	2026	2025
Receivable in less than one year	$ 29,502	$ 1,108,660
Receivable in one to five years	85,347	100,599
	114,849	1,209,259
Less allowance for uncollectible pledges	(8,760)	(10,000)
	106,089	1,199,259
Less discount to present value at rates ranging from 4.0% to 6.0%	(16,810)	(64,407)
	$ 89,279	**$ 1,134,852**

Note 4 – Note Payable

During the year ended June 30, 2022, the Academy purchased a building for approximately $4.5 million with an unsecured, nonrevolving pledge loan at 2.52%, maturing January 31, 2027. The maximum balance of the loan is $3,600,000. The Academy has pledged to the creditor that they will not enter into other liens, pledges, or encumbrances on the building, to keep a depository account open with the lender, and the proceeds from the sale or refinance of the building are pledged to the loan. There are no fixed payments on the loan nor fixed interest amounts but there are loan covenants that must be met, specifically a maximum principal balance each January as follows for the year ending June 30:

	Minimum Principal Payments	Maximum Principal Balance
2027	$ 500,000	$ -

Total interest expense was $24,759 and $45,255 for the years ended June 30, 2026 and 2025, respectively. Interest expense is included in other expenses on the statements of functional expenses. The note payable agreement contains covenants which include a debt to tangible net worth ratio. The Academy was in compliance with the covenant at June 30, 2026 and 2025.

Note 5 – Line of Credit

In June 2023, the Academy obtained a $1,800,000 line of credit with SouthState Bank. Outstanding balances under the line of credit accrued interest at a rate of 6.00%, with interest payable monthly. The agreement originally matured on June 28, 2028; however, the line of credit was terminated and closed on June 29, 2026. There were no outstanding borrowings as of June 30, 2025.

Note 6 – Intangible Assets

As of June 30, 2026, the Academy's intangible assets consisted of the following:

	Cost	Accumulated Amortization
Website	$ 29,225	$ 27,455
Software	11,697	11,697
	$ 40,922	**$ 39,152**

As of June 30, 2025, the Academy's intangible assets consisted of the following:

	Cost	Accumulated Amortization
Website	$ 29,225	$ 27,065
Software	11,697	11,697
	$ 40,922	**$ 38,762**

Amortization expense was $360 for the years ended June 30, 2026 and 2025.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

Subject to expenditure for specified purpose	2026	2025
Capital campaign	$ 299,267	$ 4,532,762
Time restricted receivables	126,889	1,249,799
Other restricted funds	58,779	2,287
	484,935	5,784,848
Endowment funds held in perpetuity with earnings restricted by donors for:		
General endowment	50,000	-
Total net assets with donor restrictions	**$ 534,935**	**$ 5,784,848**

Note 8 – Net Assets with Board Designations

Net assets without donor restrictions include certain net assets subject to board designations that make them unavailable for general expenditure without board approval. Net assets designated by the board as of June 30 include:

	2026	2025
Capital campaign board restricted	$ 306,510	$ 1,556,994
Asset renewal	659,454	159,061
Teacher of the year award	116,540	118,219
	$ 1,082,504	**$ 1,834,274**

Note 9 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within June 30 are:

	2026	2025
Cash and cash equivalents	$ 4,445,617	$ 4,036,188
Tuition receivable, net	274,286	184,435
Contributions receivable due within one year	27,936	1,060,893
	4,747,839	5,281,516
Less amounts unavailable for general expenditure within one year		
Donor-restricted	464,832	1,339,063
Board-designated	1,082,504	1,834,274
Amount available for general expenditure within one year	**$ 3,200,503**	**$ 2,108,179**

The Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Finally, the board designated net assets could be made available by action of the Board of Directors, if necessary. Management and the Board of Directors regularly monitor liquidity needs of the Academy.

Note 10 – Retirement Plan

The Academy provides retirement benefits to its employees through a defined contribution plan covering all full-time employees. The Academy made matching contributions of up to 4% of eligible employees' salary to the plan. Participants may elect to make contributions to the plan up to the maximum prescribed by law. Total retirement expenses were $83,800 and $85,328 for the years ended June 30, 2026 and 2025, respectively.

Note 11 – Concentration of Receivables and Revenue

For the year ended June 30, 2026, contributions from three donors accounted for 63% of total contributions received. For the year ended June 30, 2025, contributions from one donor accounted for 62% of total contributions received.

Financial instruments that potentially subject the Academy to credit risk include student tuition receivables. The Academy extends unsecured credit plans to parents or guardians of students. Student tuition receivables represent amounts due for tuition and fees from parents or guardians of students. Amounts are considered past due when not paid by the end of the following month.

Tuition and fees from two school jurisdictions made up roughly 72% of net public tuition and fees revenue during the years ended June 30, 2026 and 2025, respectively.

Note 12 – Subsequent Events

Management has evaluated subsequent events through October 6, 2026, the date which the financial statements were available for issue.