

**THE GREENSPIRE SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation/amortization for the fiscal year ended June 30, 2022 amounted to \$113,488 and was charged as follows:

Instruction		\$	4,067
Support services			3,377
Unallocated			<u>106,044</u>
Total		\$	<u><u>113,488</u></u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2022 consist of the following:

State aid - Michigan Department of Education		\$	320,345
Federal			<u>152,527</u>
		\$	<u><u>472,872</u></u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2022, the Academy has three outstanding state aid anticipation notes in the amount of \$184,880, \$300,000, and \$182,293, which have interest rates of 6.7%, 6.7%, and 5.5% and mature June 24, 2023, June 24, 2023, and October 15, 2022, respectively. Proceeds of the notes were used to fund school operations. The notes are secured by the full faith and credit of the Academy as well as pledged state aid. In an event of a default on the note, the bank may impose a penalty interest rate and at the bank's discretion or accelerate the repayment terms. Activity for the year ended June 30, 2022 is as follows:

Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
\$ 185,000	\$ 667,173	\$ (185,000)	\$ 667,173

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NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the Academy for the year ended June 30, 2022.

	Notes from Direct Borrowings and Direct Placements				Total
	Mortgage Loan	Land Contract	Energy Efficiency Loan	Building Lease	
Balance July 1, 2021, as restated	\$ 914,483	\$ 349,906	\$ 5,111	\$ 201,241	\$ 1,470,741
Deletions	<u>(32,644)</u>	<u>(14,729)</u>	<u>(1,496)</u>	<u>(66,648)</u>	<u>(115,517)</u>
Balance June 30, 2022	881,839	335,177	3,615	134,593	1,355,224
Due within one year	<u>34,340</u>	<u>15,327</u>	<u>1,496</u>	<u>68,245</u>	<u>119,408</u>
Due in more than one year	<u>\$ 847,499</u>	<u>\$ 319,850</u>	<u>\$ 2,119</u>	<u>\$ 66,348</u>	<u>\$ 1,235,816</u>

Long-term obligations at June 30, 2022 is comprised of the following issues:

Notes from Direct Borrowings and Direct Placements

Mortgage Loan - March 2019 mortgage with the original amount of \$982,000 to be paid in monthly installments of \$6,522 including interest through March 15, 2024 with an interest rate of 5.00%. The remaining portion will be due upon the maturity. \$ 881,839

Land Contract - July 2013 purchase of land and improvements. Loan due in monthly installments of \$2,375 including interest through July 1, 2038 with an interest rate of 4.00%. 335,177

Energy Efficiency Loan - November 2019 energy efficiency project. Loan due in monthly installments of \$125 through November 5, 2024 with 0% interest rate. 3,615

Building Lease - During the 2021 fiscal year, the Academy entered into a three-year lease agreement as lessee for the use of a building. An initial liability was recorded in the amount of \$201,241 during the current fiscal year. Due in monthly payments between \$5,838 and \$6,092, with and interest rate of 2% 134,593

Total general long-term obligations \$ 1,355,224

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of \$1,355,224 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Notes from Direct Borrowings and Direct Placements								Total
	Building Mortgage		Land Contract		Energy Efficiency Loan		Building Lease		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
0	\$ 34,340	\$ 43,919	\$ 15,327	\$ 13,176	\$ 1,496	\$ -	\$ 68,245	\$ 2,067	\$ 178,570
1	847,499	31,806	15,952	12,551	1,496	-	66,348	664	976,316
2	-	-	16,602	11,901	623	-	-	-	29,126
3	-	-	17,279	11,225	-	-	-	-	28,504
4	-	-	17,983	10,520	-	-	-	-	28,503
-	-	-	101,524	40,993	-	-	-	-	142,517
-	-	-	123,966	18,550	-	-	-	-	142,516
-	-	-	26,544	598	-	-	-	-	27,142
	<u>\$ 881,839</u>	<u>\$ 75,725</u>	<u>\$ 335,177</u>	<u>\$ 119,514</u>	<u>\$ 3,615</u>	<u>\$ -</u>	<u>\$ 134,593</u>	<u>\$ 2,731</u>	<u>\$ 1,553,194</u>

Interest expense for the year ended June 30, 2022, was \$62,681.

NOTE 7 - OVERSIGHT FEES

The Academy paid an administrative oversight fee of 3% of its state school aid to Grand Valley State University, as set forth by contract, to reimburse the School District for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2022, the Academy incurred expense of approximately \$49,370 for oversight fees.

NOTE 8 - MANAGEMENT AGREEMENT

The Academy had entered into an annual (renewable at the end of each 12 month period) management agreement with Traverse City Area Public Schools for operations of the Academy. Under the terms of the management agreement, TCAPS' compensation for operating the Academy was \$20,000 for the fiscal year 2022.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.