THE GREENSPIRE SCHOOL

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Greenspire School

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Greenspire School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise The Greenspire School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of The Greenspire School, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Greenspire School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Greenspire School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Greenspire School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026 on our consideration of The Greenspire School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Greenspire School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Greenspire School's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 15, 2026

THE GREENSPIRE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help The Greenspire School's (Academy) readers understand what the financial statements and notes in this financial report say about the Academy's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Academy's finances.

If you have any questions about this report or need any additional information, please contact the Academy at 1026 Red Drive, Traverse City, Michigan, 49684.

OVERVIEW OF THE FINANCIAL STATEMENTS

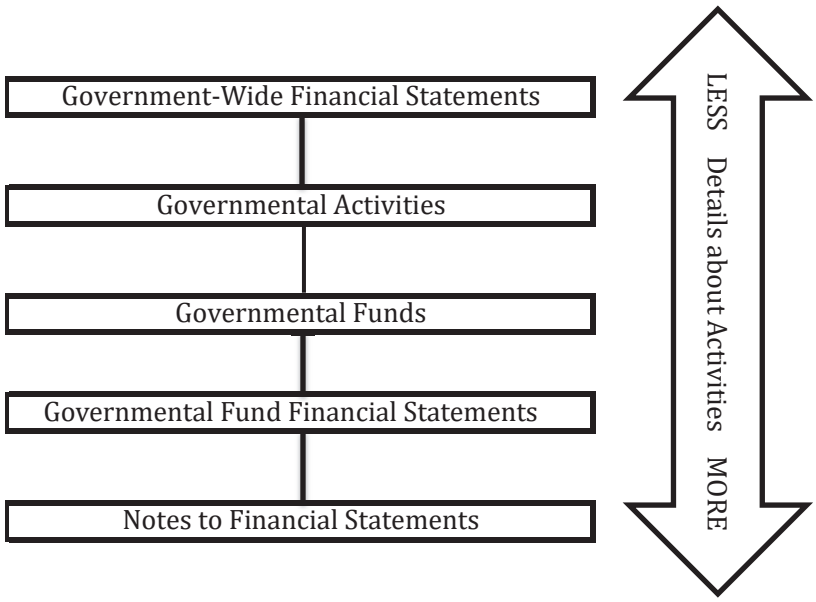
The Academy's financial report contains basic financial statements. Those financial statements present the Academy's finances at both an overall and a detailed level. The first two - the *Government-wide Financial Statements* - cover the Academy's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise of the Academy's most basic functions, such as instruction and support services. Governmental activities primarily are financed by state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the Academy's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Academy reports one group of funds:

- Governmental *Fund Financial Statements* report all of the governmental activities. In addition to the Academy's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources.

Figure A-1. Contents of the Academy's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the Academy's finances as reported in the financial statements. The information in the notes is as important to understanding the Academy's finances as the information in the financial statements. The Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the Academy's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements (as applicable):

- *Assets* - resources the Academy controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the Academy owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as notes from direct borrowings and direct placements, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing notes or selling equipment, as well as principal and interest payments on bonds and spending on the construction.

Figure A-2. Types of Information Reported in the Academy's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/additions	* All types of revenues/additions that flow into the Academy during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	* All types of expenses/deductions that flow out of the Academy during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the Academy during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE ACADEMY'S FINANCES

Table A-1
The Greenspire School's Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current assets	$ 892,273	$ 912,323	$ (20,050)	-2.2%
Capital assets	2,318,735	2,621,468	(302,733)	-11.5%
TOTAL ASSETS	3,211,008	3,533,791	(322,783)	-9.1%
LIABILITIES				
Current liabilities	690,231	632,880	57,351	9.1%
Noncurrent liabilities	1,913,308	2,143,077	(229,769)	-10.7%
TOTAL LIABILITIES	2,603,539	2,775,957	(172,418)	-6.2%
NET POSITION				
Net investment in capital assets	405,427	478,391	(72,964)	-15.3%
Unrestricted	202,042	279,443	(77,401)	-27.7%
TOTAL NET POSITION	$ 607,469	$ 757,834	$ (150,365)	-19.8%

Table A-1 shows that as of June 30, 2026, the Academy's total net position - assets minus liabilities - was $607,469, a decrease of $150,365 or 19.8% compared with 2025. This decrease is primarily due to a $77,401 or 27.7% decrease in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

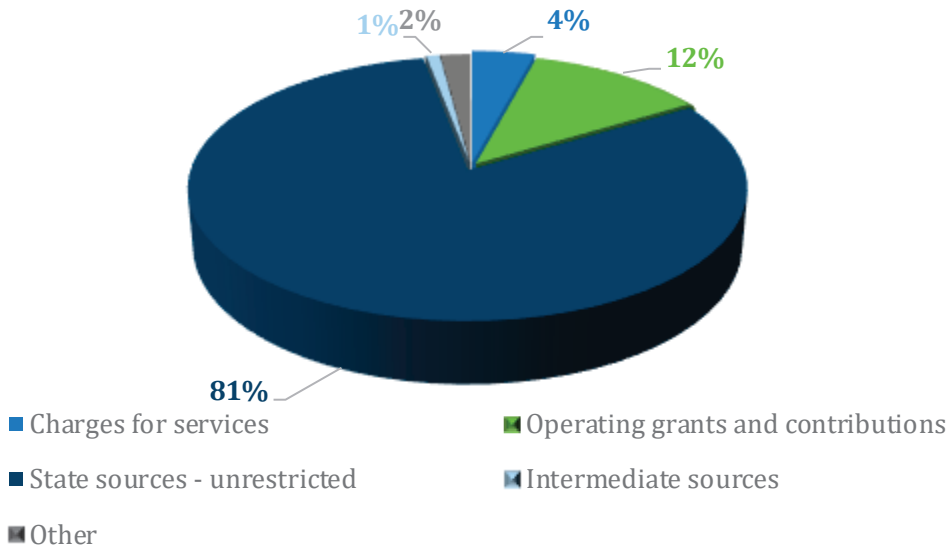
Table A-2 shows that expenses continued to exceed revenues in the current year, resulting in a decrease in net position. Various events contributed to this decrease in net position that was less than prior year decrease; however, the primary factors affecting the change in net position are as follows:

1. Increase in charges for services
2. Decrease in expenses for certain programs and functions

Table A-2
Changes in The Greenspire School's Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for services	$ 135,942	$ 95,120	$ 40,822	42.9%
Operating grants and contributions	397,023	408,847	(11,824)	-2.9%
General revenues				
State sources - unrestricted	2,619,321	2,636,384	(17,063)	-0.6%
Intermediate sources	29,750	41,960	(12,210)	-29.1%
Other	67,013	50,091	16,922	33.8%
TOTAL REVENUES	3,249,049	3,232,402	16,647	0.5%
EXPENSES				
Instruction	1,520,460	1,673,836	(153,376)	-9.2%
Support services	1,351,214	1,234,981	116,233	9.4%
Community services	1,444	-	1,444	100.0%
Student/school activities	122,555	83,073	39,482	47.5%
Interest and fees	101,008	110,962	(9,954)	-9.0%
Unallocated depreciation/amortization	302,733	303,042	(309)	-0.1%
TOTAL EXPENSES	3,399,414	3,405,894	(6,480)	-0.2%
Change in net position	(150,365)	(173,492)	$ 23,127	-13.3%
Net position - beginning of year	757,834	931,326		-18.6%
Net position - end of year	$ 607,469	$ 757,834		-19.8%

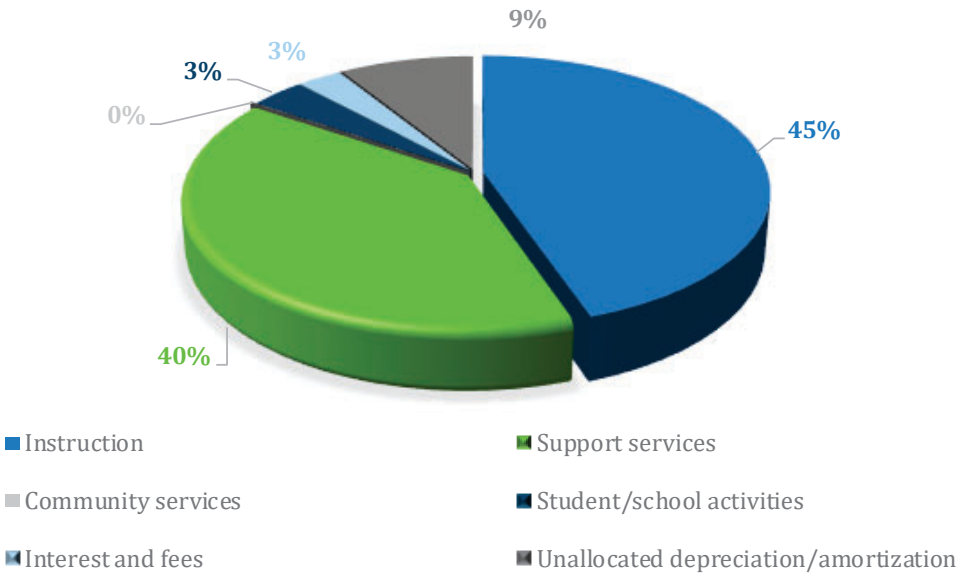
Current Year Revenues by Type



Increase in Charges for Services

There was a notable increase in charges for services compared to the prior year, which accounts for 4.2% of overall revenues. Most of the increase is attributed to an increase in fundraising in the current year related to the Thailand trip as well as a large donation being received for the student pantry.

Current Year Expenses by Type



Decline in Expenses for Certain Programs and Functions

Total expenses for the Academy dropped by 0.2% overall. The most significant decrease in expenses was related to the instruction function, which was a result of a decrease in purchased service salaries as well as a decrease in capital outlays in the current year.

GOVERNMENTAL FUNDS

The Academy reports one major fund individually in the governmental fund financial statements. This fund is the general fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the Academy's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
REVENUES	$ 3,113,107	$ 3,137,282
EXPENDITURES	3,203,895	3,232,008
Excess (deficiency) of revenues over (under) expenditures	(90,788)	(94,726)
Fund balance - beginning of year	267,396	362,122
Fund balance - end of year	$ 176,608	$ 267,396

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the Academy's general fund decreased by 34.0%. The overall fund balance at the end of June 30, 2026 represented approximately 5.5% of operating expenditures. Within fund balance, approximately 30.2% of the balance is considered unassigned. The remaining 69.8% is considered either non-spendable or assigned for other items and is not readily available for use.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets - original cost minus accumulated depreciation/amortization - decreased 11.5% compared to 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
The Greenspire School's Capital Assets

	2026			2025	
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value	Total Percentage Change
Land	$ 206,316	$ -	$ 206,316	$ 206,316	0.0%
Building and improvements	1,569,523	406,838	1,162,685	1,196,055	-2.8%
Land improvements	7,512	2,255	5,257	5,633	-6.7%
Technology and equipment	619,990	425,766	194,224	279,476	-30.5%
Right-to-use - building	1,286,147	535,894	750,253	933,988	-19.7%
Total	$ 3,689,488	$ 1,370,753	$ 2,318,735	$ 2,621,468	-11.5%

A significant reason for the decrease in the net capital assets relates to the technology and equipment and right to use - building categories. During 2026, the Academy had another full year of depreciation/amortization and no additions to the capital assets, resulting in a net decrease in capital assets.

Long-term Obligations

Overall the carrying value of the Academy's long-term obligations decreased by 10.7% from the prior year. See Table A-5 for the carrying value of the Academy's long-term obligations.

Table A-5
The Greenspire School's
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
Notes from direct borrowings and direct placements	$ 1,913,308	$ 2,143,077	-10.7%

During 2026, the Academy continued to make principal and interest payments towards their long-term obligations. The primary reason for the decrease in notes from direct borrowings and direct placements was due to paying down principal on the existing loans. The total amount of principal paid in the current year was $229,769.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the Academy in the future.

- The Academy adopted a general fund budget for 2026/2027 in which expenditures exceed revenues by $8,243. Administration continues to review staffing allocation, contracted services, and general operational expenses to identify additional efficiencies while preserving instructional support for students.

- Effective July 2026, the Academy underwent a leadership transition, introducing a new Superintendent/School Leader following a complete transition of the administrative team. To align ongoing operating expenses with enrollment and available funding, the Academy restructured its administrative overhead, reducing administrative staff from five positions to two. This administrative reduction decreased base salary obligations from approximately $400,000 to $195,000 annually, yielding an estimated net base salary savings of $205,000 (excluding employer taxes and benefits). Additional operational positions were consolidated or eliminated to further lower personnel costs, which is projected to positively impact General Fund operational margins for the 2026/2027 fiscal year.

- Management is actively evaluating long-term facility needs to establish a sustainable campus model for current operations and future growth. As part of this initiative, the Academy negotiated a revised lease agreement for its leased facilities, significantly reducing annual lease expenses. Additionally, management is engaged in formal discussions with the mortgage holder for the middle school campus to explore mutually beneficial options to reduce monthly debt service payments. Any long-term facility changes will be evaluated based on their multi-year impact on the General Fund.

- Foundation allowance funding from the State of Michigan remains the Academy's primary operating revenue source. Enrollment fluctuations directly affect operational revenue and required instructional staffing levels. To supplement state aid revenues, the Academy is expanding its focus on competitive grants, fundraising initiatives, and community partnerships to support ongoing educational programs and capital improvement projects.

BASIC FINANCIAL STATEMENTS

THE GREENSPIRE SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 230,342
Intergovernmental receivable	546,957
Prepaids	114,974
Capital assets not being depreciated/amortized	206,316
Capital assets, net of accumulated depreciation/amortization	2,112,419
TOTAL ASSETS	3,211,008
LIABILITIES	
Accounts payable	49,112
Accrued expenses	291,566
State aid notes payable	349,553
Noncurrent liabilities	
Due within one year	247,870
Due in more than one year	1,665,438
TOTAL LIABILITIES	2,603,539
NET POSITION	
Net investment in capital assets	405,427
Unrestricted	202,042
TOTAL NET POSITION	$ 607,469

See notes to financial statements.

THE GREENSPIRE SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 1,520,460	$ -	$ 289,757	$ (1,230,703)
Support services	1,351,214	-	105,822	(1,245,392)
Community services	1,444	-	1,444	-
Student/school activities	122,555	135,942	-	13,387
Interest and fees	101,008	-	-	(101,008)
Depreciation/amortization (unallocated)	302,733	-	-	(302,733)
Total governmental activities	$ 3,399,414	$ 135,942	$ 397,023	(2,866,449)
General revenues				
State sources - unrestricted				2,619,321
Intermediate sources				29,750
Other				67,013
Total general revenues				2,716,084
CHANGE IN NET POSITION				(150,365)
NET POSITION, beginning of year				757,834
NET POSITION, end of year				$ 607,469

See notes to financial statements.

THE GREENSPIRE SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 230,342	$ -	$ 230,342
Intergovernmental receivable	546,957	-	546,957
Due from other funds	-	25,434	25,434
Prepaids	114,974	-	114,974
TOTAL ASSETS	$ 892,273	$ 25,434	$ 917,707
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 49,112	$ -	$ 49,112
Due to other funds	25,434	-	25,434
Accrued expenditures	291,566	-	291,566
State aid notes payable	349,553	-	349,553
TOTAL LIABILITIES	715,665	-	715,665
FUND BALANCE			
Nonspendable			
Prepaids	114,974	-	114,974
Committed for student/school activities	-	25,434	25,434
Assigned for subsequent year expenditures	8,243	-	8,243
Unassigned	53,391	-	53,391
TOTAL FUND BALANCE	176,608	25,434	202,042
TOTAL LIABILITIES AND FUND BALANCE	$ 892,273	$ 25,434	$ 917,707
Total governmental fund balances			$ 202,042
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
The cost of the capital assets is		$ 3,689,488	
Accumulated depreciation/amortization is		(1,370,753)	
			2,318,735
Long-term obligations that are not due and payable in the current period and are not reported in the funds:			
Notes from direct borrowings and direct placements			(1,913,308)
Net position of governmental activities			$ 607,469

See notes to financial statements.

THE GREENSPIRE SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
REVENUES			
Local sources	$ 67,013	$ -	$ 67,013
State sources	2,927,331	-	2,927,331
Federal sources	89,013	-	89,013
Student/school activities	-	135,942	135,942
Intermediate sources	29,750	-	29,750
TOTAL REVENUES	3,113,107	135,942	3,249,049
EXPENDITURES			
Current			
Instruction			
Basic programs	1,128,800	-	1,128,800
Added needs	391,660	-	391,660
Total instruction	1,520,460	-	1,520,460
Support services			
Pupil	100,677	-	100,677
Instructional staff	2,921	-	2,921
General administration	324,379	-	324,379
School administration	693,072	-	693,072
Business services	33,533	-	33,533
Operation and maintenance	101,382	-	101,382
Pupil transportation	12,789	-	12,789
Central services	82,461	-	82,461
Total support services	1,351,214	-	1,351,214
Community service	1,444	-	1,444
Student/school activities	-	122,555	122,555
Debt service			
Principal repayment	229,769	-	229,769
Interest	101,008	-	101,008
Total debt service	330,777	-	330,777
TOTAL EXPENDITURES	3,203,895	122,555	3,326,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(90,788)	13,387	(77,401)
FUND BALANCE			
Beginning of year	267,396	12,047	279,443
End of year	$ 176,608	$ 25,434	$ 202,042

See notes to financial statements.

THE GREENSPIRE SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net change in fund balance total governmental funds	$ (77,401)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(302,733)
Proceeds and repayments of principal on long-term obligations are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):	
Payments on notes from direct borrowings and direct placements	229,769
Change in net position of governmental activities	$ (150,365)

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Academy. *Governmental activities* normally are supported by intergovernmental revenues.

Reporting Entity

The Greenspire School (the "Academy") is a public school academy as part of the Michigan Public School system under Public Act No. 362 of 1993. Effective July 1, 2019, Grand Valley State University became the authorizing governing body to charter the public school through June 30, 2031. The Academy's Board of Directors is approved by the authorizing body for the Academy and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for the fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity (if any) has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Academy reports the following *Major Governmental Fund*:

The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The Academy reports the following *Nonmajor Governmental Fund*:

The *Special Revenue Fund* accounts for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its student/school activities in the special revenue fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the Academy Aid Act and the Academy Code of Michigan. The Michigan Department of Education administers the allocation of state funds to academies based on information supplied by the Academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principle Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as intergovernmental receivables.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, building and technology and equipment as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $10,000 and a useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Academy are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Buildings and improvements	25 - 50
Land improvements	20
Technology and equipment	5 - 10
Right to use - building	7

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Net Position Flow Assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leases (continued)

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

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations (continued)

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

NOTE 2 - CASH DEPOSITS - CREDIT RISK

Cash is held in the name of the Academy. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the Academy in relation to deposits in excess of insured amounts. As of June 30, 2026, none of the Academy's bank balance of $231,807 was exposed to custodial credit risk because it was fully covered by federal depository insurance and was not collateralized.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2026 consist of the following:

	Government-wide
State sources	$ 519,818
Federal sources	27,139
	$ 546,957

Because of the Academy's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets are as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Capital assets not being depreciated/amortized				
Land	$ 206,316	$ -	$ -	$ 206,316
Capital assets being depreciated/amortized				
Buildings and improvements	1,569,523	-	-	1,569,523
Land improvements	7,512	-	-	7,512
Technology and equipment	619,990	-	-	619,990
Right to use - building	1,286,147	-	-	1,286,147
Total capital assets being depreciated/amortized	3,483,172	-	-	3,483,172
Accumulated depreciation/amortization				
Buildings and improvements	373,468	33,370	-	406,838
Land improvements	1,879	376	-	2,255
Technology and equipment	340,514	85,252	-	425,766
Right to use - building	352,159	183,735	-	535,894
Total accumulated depreciation/amortization	1,068,020	302,733	-	1,370,753
Net capital assets being depreciated/amortized	2,415,152	(302,733)	-	2,112,419
Net governmental capital assets	$ 2,621,468	$ (302,733)	$ -	$ 2,318,735

Depreciation/amortization for the fiscal year ended June 30, 2026 amounted to $302,733. The Academy determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2026, the Academy had issued two state aid anticipation notes in the amount of $90,444 and $298,844, which bear interest at 7.80% and both mature August 31, 2026. 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, 2026 is as follows:

Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
$ 389,288	$ 389,288	$ (429,023)	$ 349,553

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the Academy for the year ended June 30, 2026.

	Notes from Direct Borrowings and Direct Placements			
	Mortgage Loan	Land Contract	Building Lease	Total
Balance July 1, 2025	$ 796,975	$ 287,136	$ 1,058,966	$ 2,143,077
Deletions	(36,258)	(17,279)	(176,232)	(229,769)
Balance June 30, 2026	760,717	269,857	882,734	1,913,308
Due within one year	38,610	17,983	191,277	247,870
Due in more than one year	$ 722,107	$ 251,874	$ 691,457	$ 1,665,438

Long-term obligations at June 30, 2026 are comprised of the following:

Notes from Direct Borrowings and Direct Placements	
Mortgage Loan - June 2024 refinanced mortgage with the original amount of $831,025 to be paid in monthly installments of $7,119 including interest through June 28, 2029 with an interest rate of 6.30%. The remaining portion will be due upon the maturity.	$ 760,717
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%.	269,857
Building Lease - During the 2024 fiscal year, the Academy entered into a seven-year lease agreement as lessee for the use of a building. Due in monthly payments between $10,833 and $20,625, with an interest rate of 4.15%.	882,734
Total long-term obligations	$ 1,913,308

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The Academy's outstanding notes from direct borrowings and direct placements related to governmental activities of $1,913,308 contain 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.

The annual requirements to amortize long-term obligations outstanding, including interest of $283,804, as of June 30, 2026 are as follows:

	Notes from Direct Borrowings and Direct Placements						
Year Ending	Building Mortgage		Land Contract		Building Lease		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Total
2027	$ 38,610	$ 46,823	$ 17,983	$ 10,520	$ 191,277	$ 33,087	$ 338,300
2028	41,114	44,319	18,716	9,787	207,007	24,857	345,800
2029	680,993	41,653	19,479	8,231	223,403	15,961	989,720
2030	-	-	20,272	9,025	240,492	6,372	276,161
2031	-	-	21,099	7,405	20,555	71	49,130
2031 - 2035	-	-	119,112	23,404	-	-	142,516
2036 - 2039	-	-	53,196	2,289	-	-	55,485
	$ 760,717	$ 132,795	$ 269,857	$ 70,661	$ 882,734	$ 80,348	$ 2,197,112

Interest expense for the year ended June 30, 2026 was $101,008.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2026 are as follows:

Receivable Fund		Payable Fund	
Nonmajor governmental fund	$ 25,434	General fund	$ 25,434

The outstanding balance between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions that are recorded in the accounting system, (3) payments between funds are made.

NOTE 8 - 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, 2026, the Academy incurred expense of approximately $77,000 for oversight fees.

NOTE 9 - MANAGEMENT AGREEMENT

The Academy has a management agreement with CS Partners, LLC, d/b/a Partners Solutions for Schools for operations of the Academy through June 2028. Under the terms of the management agreement, CS Partners, LLC, d/b/a Partners Solutions for Schools' compensation for operating the Academy was approximately $176,000 for the fiscal year 2026.

NOTE 10 - PURCHASED SERVICES

The Academy leases all its employees from, CS Partners. Salaries, retirement, Social Security, health insurance, and unemployment taxes are the responsibility of CS Partners. Salaried employees are generally eligible to make retirement contributions with a 60-day waiting period. The plan does not cover hourly employees covered by another retirement plan. The Academy has a 2% contribution and a 3% match resulting in contributions of approximately $66,000 in 2026.

NOTE 11 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 12 - 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.

NOTE 13 - SUBSEQUENT EVENTS

The Academy borrowed $600,000 under a state aid anticipation note in August 2026 at 8.10% to be repaid monthly from October 2026 through August 2027.

NOTE 14 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the Academy implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;

NOTE 14 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

THE GREENSPIRE SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with		Variance with
	Original Budget	Final Budget	Original and Final Budget	Actual	Final Budget and Actual
REVENUES					
Local sources	$ 35,000	$ 65,100	$ 30,100	$ 67,013	$ 1,913
State sources	3,092,917	2,927,181	(165,736)	2,927,331	150
Federal sources	75,071	76,022	951	89,013	12,991
Intermediate sources	35,000	29,113	(5,887)	29,750	637
TOTAL REVENUES	3,237,988	3,097,416	(140,572)	3,113,107	15,691
EXPENDITURES					
Current					
Instruction					
Basic programs	1,235,627	1,143,224	92,403	1,128,800	14,424
Added needs	510,417	416,081	94,336	391,660	24,421
Total instruction	1,746,044	1,559,305	186,739	1,520,460	38,845
Support services					
Pupil services	101,568	100,913	655	100,677	236
Instructional staff	10,500	950	9,550	2,921	(1,971)
General administration	286,941	319,148	(32,207)	324,379	(5,231)
School administration	673,662	698,645	(24,983)	693,072	5,573
Business services	32,000	33,000	(1,000)	33,533	(533)
Operation and maintenance	128,500	103,955	24,545	101,382	2,573
Pupil transportation	-	12,000	(12,000)	12,789	(789)
Central services	61,950	83,500	(21,550)	82,461	1,039
Total support services	1,295,121	1,352,111	(56,990)	1,351,214	897
Community service	-	-	-	1,444	(1,444)
Debt service					
Principal repayment	209,492	230,492	(21,000)	229,769	723
Interest	101,008	101,008	-	101,008	-
Total debt services	310,500	331,500	(21,000)	330,777	723
TOTAL EXPENDITURES	3,351,665	3,242,916	108,749	3,203,895	39,021
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(113,677)	(145,500)	(31,823)	(90,788)	54,712
FUND BALANCE					
Beginning of year	267,396	267,396	-	267,396	-
End of year	$ 153,719	$ 121,896	$ (31,823)	$ 176,608	$ 54,712

THE GREENSPIRE SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the special revenue fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Academy does not utilize encumbrance accounting.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Chief Administrative Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

c. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

d. The final budget was approved prior to June 30, 2026 year-end.

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
State sources	$ (165,736)	Student count was less than what was on the original budget, thus driving down the State Aid received.
EXPENDITURES		
Instruction - basic programs	92,403	Reduction in staffing due to the decrease in student count in the current year.
Instruction - added needs	94,336	Reduction in staffing due to the decrease in student count in the current year.

Significant Variances Between Final Budget and Actual

There were no significant variances between the final budget and the actual results for the year ended June 30, 2026.

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
The Greenspire School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Greenspire School as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise The Greenspire School's basic financial statements and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greenspire School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

Lansing, Michigan
October 15, 2026

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

October 15, 2026

To the Board of Directors of the
The Greenspire School

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of The Greenspire School for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on August 25, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Greenspire School are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the Academy adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements and* No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by The Greenspire School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's estimate of the discount rate used for leases, the lease term and lease payments/receipts is based on the The Greenspire School incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Directors of The Greenspire School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan