

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required supplementary information)**

**YEAR ENDED JUNE 30, 2025**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Highpoint Virtual Academy of Michigan

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of Highpoint Virtual Academy of Michigan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Highpoint Virtual Academy of Michigan'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 and the major fund of Highpoint Virtual Academy of Michigan, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Highpoint Virtual Academy of Michigan 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 Highpoint Virtual Academy of Michigan'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 Highpoint Virtual Academy of Michigan'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 Highpoint Virtual Academy of Michigan'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 23, 2025 on our consideration of Highpoint Virtual Academy of Michigan’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 Highpoint Virtual Academy of Michigan’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 Highpoint Virtual Academy of Michigan’s internal control over financial reporting and compliance.

*Maney Costeiran PC*

October 23, 2025

## HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Highpoint Virtual Academy of Michigan’s (Academy) annual financial report presents our discussion and analysis of the Academy’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

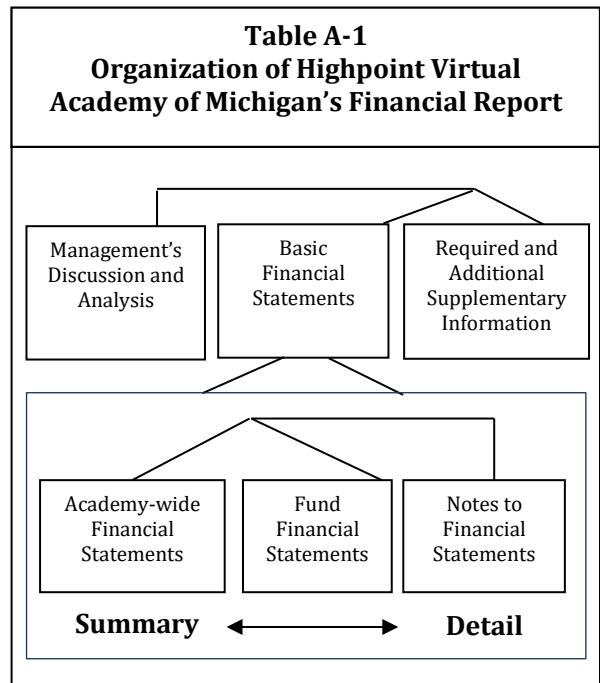
### FINANCIAL HIGHLIGHTS

- The Academy’s fund balance in the general fund increased \$24,368 for the period ended June 30, 2025, as compared to a budgeted decrease of \$2,331,681.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required and additional supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are *Academy-wide financial statements* that provide both *short-term* and *long-term* information about the Academy’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Academy, reporting the Academy’s operations *in more detail* than the Academy-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. The required supplementary information section is followed by a section of additional supplementary information, which includes the schedule of expenditures of federal awards. Table A-1 shows how the various parts of the annual report are arranged and related to one another.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Table A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2 Major Features of Academy-wide and Fund Financial Statements</b>		
	Academy-wide Statements	Governmental Funds
Scope	Entire Academy	The activities of the Academy that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term obligations included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

**Academy-wide Statements**

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

## **HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

The two Academy-wide statements report the Academy's net position and how they have changed. Net position - the difference between the Academy's assets and liabilities, is one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental Activities - The Academy's basic services are included in here, such as regular education and special education and administration. State foundation aid and federal revenue finances most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by debt agreements.
- The Academy can establish other funds to control and manage money for particular purposes.

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or difference) between them.

### **Financial Analysis of the Academy as a Whole**

Net Position - the Academy's combined net position of \$3,411,941 increased by \$99,807 during the year. See Figures A-3 and A-4.

Total revenues increased by 24.2%, or \$8,304,108 to \$42,587,379 primarily due to an increase in state and local revenue.

The total cost of instruction increased by 20.9%, or \$4,188,890 to \$24,264,941. Total cost for support services increased by 28.0%, or \$3,928,472 to \$17,963,169.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

<b>Figure A-3</b>		
<b>Highpoint Virtual Academy of Michigan's Statement of Net Position</b>		
	2025	2024
<b>ASSETS</b>		
Current and other	\$ 8,977,555	\$ 8,248,386
Capital assets, net of accumulated depreciation/amortization	18,858	37,717
<b>TOTAL ASSETS</b>	<b>8,996,413</b>	<b>8,286,103</b>
<b>LIABILITIES</b>		
Current liabilities	5,564,885	4,935,182
Noncurrent liabilities	19,587	38,787
<b>TOTAL LIABILITIES</b>	<b>5,584,472</b>	<b>4,973,969</b>
<b>NET POSITION</b>		
Net investment in capital assets	(729)	(1,070)
Unrestricted	3,412,670	3,313,204
<b>TOTAL NET POSITION</b>	<b>\$ 3,411,941</b>	<b>\$ 3,312,134</b>

<b>Figure A-4</b>		
<b>Changes In Highpoint Virtual Academy of Michigan's Net Position</b>		
	2025	2024
<b>REVENUES</b>		
Program revenues		
Operating grants and contributions	\$ 8,715,880	\$ 8,042,596
General revenues		
State sources - unrestricted	33,851,205	26,238,947
Other	20,294	1,728
<b>Total general revenues</b>	<b>33,871,499</b>	<b>26,240,675</b>
<b>TOTAL REVENUES</b>	<b>42,587,379</b>	<b>34,283,271</b>
<b>EXPENSES</b>		
Instruction	24,264,941	20,076,051
Support services	17,963,169	14,034,697
Community service	240,003	149,800
Interest and fees	600	980
Unallocated depreciation/amortization	18,859	18,859
<b>TOTAL EXPENSES</b>	<b>42,487,572</b>	<b>34,280,387</b>
Change in net position	<b>\$ 99,807</b>	<b>\$ 2,884</b>

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Financial Analysis of the Academy's Funds**

The financial operation of the Academy is considered stable. The fund balance at June 30, 2025 is \$3,337,572 in the general fund.

**General Fund Budgetary Highlights**

Over the course of the year, the Academy revised the general fund annual operating budget when necessary. Changes were made in both revenue and expenditures which reflected anticipated increases in state aid and actual salary figures for staff.

The Academy's final budget for the general fund anticipated expenditures would exceed revenues by \$2,331,681. The actual results for the year showed revenues exceeded expenditures by \$24,368.

Actual revenues were \$637,129 more than budgeted, a 1.5% variance. This variance was primarily a result of greater than expected state and federal revenues.

Actual expenditures were \$1,718,920 less than budgeted, a 3.9% variance. This was mainly due to less than expected expenditures in instruction and pupil services.

**Capital Assets**

By the end of the year ended June 30, 2025, the Academy had invested \$18,858 in capital assets net of accumulated depreciation/amortization. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation/amortization expense for the year was \$18,859.

The Academy's capital assets are as follows:

<b>Figure A-5 Highpoint Virtual Academy of Michigan's Capital Assets</b>				
	2025		2024	
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Equipment	\$ 10,735	\$ 10,735	\$ -	\$ -
Right to use - leased building	94,293	75,435	18,858	37,717
Furniture and fixtures	10,555	10,555	-	-
Total	\$ 115,583	\$ 96,725	\$ 18,858	\$ 37,717

**Long-term Obligations**

At year end, the Academy had a total long-term obligations of \$19,587 for a building lease. The Academy paid down a portion of its obligation, retiring \$19,200 during the current year. See Note 5 for more information.

## **HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Economic Factors Bearing on the Academy's Future**

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2025/2026 in which revenues exceed expenditures by \$238,384.

### **Contacting the Academy's Financial Management**

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 210 E Mesick Ave, Mesick, MI 49668. Phone (231) 307-4707.

## **BASIC FINANCIAL STATEMENTS**

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,294,191
Accounts receivable	6,136
Intergovernmental	7,597,519
Prepays	79,709
Capital assets, net of accumulated depreciation/amortization	18,858
<b>TOTAL ASSETS</b>	<b>8,996,413</b>
<b>LIABILITIES</b>	
Accounts payable	3,137,416
Accrued personnel costs and related items	1,212,392
Other accrued expenses	1,170,359
Unearned revenue	44,718
Noncurrent liabilities	
Due within one year	19,587
<b>TOTAL LIABILITIES</b>	<b>5,584,472</b>
<b>NET POSITION</b>	
Net investment in capital assets	(729)
Unrestricted	3,412,670
<b>TOTAL NET POSITION</b>	<b>\$ 3,411,941</b>

See notes to financial statements.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 24,264,941	\$ -	\$ 6,141,064	\$ (18,123,877)
Support services	17,963,169	-	2,456,694	(15,506,475)
Community services	240,003	-	118,122	(121,881)
Interest and fees	600	-	-	(600)
Unallocated depreciation/amortization	18,859	-	-	(18,859)
Total governmental activities	<u>\$ 42,487,572</u>	<u>\$ -</u>	<u>\$ 8,715,880</u>	<u>(33,771,692)</u>
General revenues				
State sources - unrestricted				33,851,205
Other				20,294
Total general revenues				<u>33,871,499</u>
CHANGE IN NET POSITION				99,807
Net position, beginning of year				<u>3,312,134</u>
Net position, end of year				<u>\$ 3,411,941</u>

See notes to financial statements.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
BALANCE SHEET  
JUNE 30, 2025**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,294,191
Accounts receivable	6,136
Intergovernmental	7,597,519
Prepays	<u>79,709</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,977,555</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 3,137,416
Accrued personnel costs and related items	1,212,392
Accrued expenses	1,170,359
Unearned revenue	<u>44,718</u>
<b>TOTAL LIABILITIES</b>	<u>5,564,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	<u>75,098</u>
<b>FUND BALANCES</b>	
Nonspendable	
Prepays	79,709
Unassigned	<u>3,257,863</u>
<b>TOTAL FUND BALANCES</b>	<u>3,337,572</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 8,977,555</u></u>
<b>Total Governmental Fund Balances</b>	<b>\$ 3,337,572</b>
 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	\$ 115,583
Accumulated depreciation/amortization is	<u>(96,725)</u>
	18,858
Deferred inflows of resources - unavailable revenues	75,098
 Long-term obligations are not due and payable in the current period and are not reported in the funds:	
Direct borrowing and direct placement	<u>(19,587)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 3,411,941</u></u>

See notes to financial statements.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>
<b>REVENUES</b>	
Local sources	\$ 20,294
State sources	39,900,087
Federal sources	<u>2,591,900</u>
<b>TOTAL REVENUES</b>	<u>42,512,281</u>
<b>EXPENDITURES</b>	
Instruction	
Basic programs	19,180,269
Added needs	<u>5,084,672</u>
Total instruction	<u>24,264,941</u>
Support services	
Pupil	4,201,567
Instructional staff	2,252,039
General administration	7,588,711
School administration	699,362
Operation and maintenance	106,096
Central services	<u>3,115,394</u>
Total support services	<u>17,963,169</u>
Community service	<u>240,003</u>
Debt service	
Principal	19,200
Interest	<u>600</u>
Total debt service	<u>19,800</u>
<b>TOTAL EXPENDITURES</b>	<u>42,487,913</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>24,368</u>
<b>FUND BALANCE</b>	
Beginning of year	<u>3,313,204</u>
End of year	<u><u>\$ 3,337,572</u></u>

See notes to financial statements.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

**Net Change in Fund Balances Total Governmental Funds** \$ 24,368

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 (18,859)

Revenue is recorded on the accrual method in the statement of activities: in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of year -  
Unavailable revenue, end of year 75,098

Repayments of principal on long-term obligations are expenditures in the governmental funds, but not in the statement of activities (where they are reductions of liabilities):

Principal repayments 19,200

**Change in Net Position of Governmental Activities** \$ 99,807

## HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN 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 of the nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

#### Reporting Entity

Highpoint Virtual Academy of Michigan (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Mesick Consolidated Schools is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2026. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for 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.

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. The emphasis of fund financial statements is on major governmental funds. The only fund the Academy currently operates, which is also the only major governmental fund of the Academy, is the general fund.

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.

#### 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.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (continued)

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, 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 obligations 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).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school 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 Principal 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 an intergovernmental receivable.

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.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgetary Information

*Budgetary Basis of Accounting*

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

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

- a. The Head of School 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 required supplementary information section.
- 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 budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The Academy does not consider these amendments to be significant.

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 and demand deposits.

*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.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Prepaid Items*

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, 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 \$2,000 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 assets 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Equipment	5
Furniture and fixtures	5
Right to use - leased building	5

*Deferred Outflows*

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.

*Deferred Inflows*

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 one item that qualifies for reporting in this category. The item is unavailable revenue that is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**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. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. 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.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO 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 include 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.

**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 risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits its 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, 2025, \$1,253,232 of the Academy's bank balance of \$1,503,232 was exposed to custodial credit risk because it was not fully covered by federal depository insurance and was not collateralized.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2025 consist of the following:

	Government - wide
State sources	\$ 6,787,416
Federal sources	810,103
	\$ 7,597,519

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 follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities				
Capital assets being depreciated/amortized				
Equipment	\$ 10,735	\$ -	\$ -	\$ 10,735
Right to use - leased building	94,293	-	-	94,293
Furniture and fixtures	10,555	-	-	10,555
Total capital assets being depreciated/amortized	115,583	-	-	115,583
Accumulated depreciation/amortization				
Equipment	10,735	-	-	10,735
Right to use - leased building	56,576	18,859	-	75,435
Furniture and fixtures	10,555	-	-	10,555
Total accumulated depreciation/amortization	77,866	18,859	-	96,725
Net governmental capital assets	\$ 37,717	\$ (18,859)	\$ -	\$ 18,858

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$18,859. The Academy determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations for the Academy for the year ended June 30, 2025:

	<u>Notes from Direct Borrowing and Direct Placement</u>
Balance, July 1, 2024	\$ 38,787
Repayments	(19,200)
Balance, June 30, 2025	19,587
Due within one year	\$ 19,587

Long-term obligations at June 30, 2025 are comprised of the following:

Direct Borrowing and Direct Placement

During the 2022 fiscal year, Highpoint Virtual Academy of Michigan entered into a five-year lease agreement as lessee for the use of a building. Highpoint Virtual Academy of Michigan is required to make monthly principal and interest payments of \$1,650. The lease has an implied interest rate of 2%. \$ 19,587

The Academy's outstanding notes from direct borrowing and direct placement related to governmental activities of \$19,587 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.

The annual requirements to amortize long-term obligations outstanding are as follows:

Year Ending June 30,	Direct Borrowing and Direct Placement		Total
	Principal	Interest	
2026	\$ 19,587	\$ 213	\$ 19,800

Interest expense (all funds) for the year ended June 30, 2025 was \$600.

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - OVERSIGHT FEES**

The Academy pays an administrative oversight fee of 3% of its state school aid discretionary and Proposal A obligation payments to Mesick Consolidated Schools as set forth by contract, to reimburse the Board 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, 2025, the Academy incurred an expense of \$1,169,066 for oversight fees.

**NOTE 7 - PURCHASED SERVICES**

The Academy leases all employee services from K12 Management, Inc. (K12). Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of K12.

The Academy also pays a 15% administrative fee and a 7% technology fee to K12. The agreements are for operational services within the Academy are through June 30, 2026. For the year ended June 30, 2025, Highpoint Virtual Academy of Michigan's administrative fees were \$6,385,063 and technology fees were \$2,979,696.

**NOTE 8 - RISK MANAGEMENT**

The Academy is exposed to various risk 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 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.

**NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)**

- iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- 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 of should be presented after the fund financial statements;
- 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.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued 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. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HIGHPOINT VIRTUAL ACADEMY OF MICHIGAN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 75,000	\$ 18,993	\$ 20,294	\$ 1,301
State sources	34,036,043	39,491,362	39,900,087	408,725
Federal sources	3,130,081	2,364,797	2,591,900	227,103
<b>TOTAL REVENUES</b>	<b>37,241,124</b>	<b>41,875,152</b>	<b>42,512,281</b>	<b>637,129</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	16,754,825	20,543,835	19,180,269	1,363,566
Added needs	4,863,044	5,281,613	5,084,672	196,941
<b>Total instruction</b>	<b>21,617,869</b>	<b>25,825,448</b>	<b>24,264,941</b>	<b>1,560,507</b>
Support services				
Pupil	3,896,492	4,441,982	4,201,567	240,415
Instructional staff	1,765,471	2,201,180	2,252,039	(50,859)
General administration	6,644,300	7,550,130	7,588,711	(38,581)
School administration	311,910	757,434	699,362	58,072
Operation and maintenance	135,800	126,418	106,096	20,322
Central services	2,601,629	3,106,889	3,115,394	(8,505)
<b>Total support services</b>	<b>15,355,602</b>	<b>18,184,033</b>	<b>17,963,169</b>	<b>220,864</b>
Community services	155,107	197,352	240,003	(42,651)
Debt service				
Principal	-	-	19,200	(19,200)
Interest	-	-	600	(600)
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>19,800</b>	<b>(19,800)</b>
<b>TOTAL EXPENDITURES</b>	<b>37,128,578</b>	<b>44,206,833</b>	<b>42,487,913</b>	<b>1,718,920</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 112,546</b>	<b>\$ (2,331,681)</b>	<b>24,368</b>	<b>\$ 2,356,049</b>
<b>FUND BALANCE</b>				
Beginning of year			3,313,204	
End of year			\$ 3,337,572	



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**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  
Highpoint Virtual Academy of Michigan

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 and the major fund of Highpoint Virtual Academy of Michigan as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Highpoint Virtual Academy of Michigan's basic financial statements and have issued our report thereon dated October 23, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Highpoint Virtual Academy of Michigan's internal control over financial reporting (internal control) as a basis for designing 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 Highpoint Virtual Academy of Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of Highpoint Virtual Academy of Michigan'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 were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Highpoint Virtual Academy of Michigan'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 financial statements. 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.

*Maney Costeiran PC*

October 23, 2025



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October 23, 2025

To the Board of Directors of the  
Highpoint Virtual Academy of Michigan

We have audited the financial statements of the governmental activities and the major fund of Highpoint Virtual Academy of Michigan for the year ended June 30, 2025. 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. 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. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Highpoint Virtual Academy of Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2025. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Management's estimate of the discount rate used for leases, the lease term and lease payments is based on the Highpoint Virtual Academy of Michigan incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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 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 the 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 23, 2025.

### *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) which are required and supplement 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.

A separate management letter was not issued.

### Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Highpoint Virtual Academy of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*