

Financial Statements  
June 30, 2025

# DaVinci Academy of Science and the Arts

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## **Independent Auditor's Report**

The Board of Directors  
DaVinci Academy of Science and the Arts  
Ogden, Utah

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of DaVinci Academy of Science and the Arts (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 GAAS 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 GAAS 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 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 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 schedule of revenue, expenditures, and changes in fund balance – budget and actual – general fund and notes to the required supplementary information, as listed 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 GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of the 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 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 School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Ogden, Utah  
November 24, 2025

The discussion and analysis of DaVinci Academy of Science and the Arts' (the School) financial performance provides an overall review of financial activities for the fiscal year.

## **FINANCIAL HIGHLIGHTS**

The School's assets exceeded its liabilities at the close of the 2025 fiscal year by \$7,785,198 (net position). Of this amount, \$7,007,690 (unrestricted net position) may be used to meet the School's ongoing obligations to students, employees, and creditors. During the 2025 fiscal year, expenses were \$1,453,669 less than the \$15,447,836 revenues generated for governmental activities. The School receives most of its revenue from state and federal funding based on the number of students enrolled during the year. State and federal revenues totaled \$14,766,227 in fiscal year 2025. Instructional expenditures totaled \$8,750,297 in fiscal year 2025.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serve as an introduction to the School's basic financial statements. These financial statements include three primary components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The basic financial statements consist of two kinds of statements that present different views of the School's financial activities.

### **Government-Wide Financial Statements (GWFS)**

The GWFS (i.e., Statement of Net Position and Statement of Activities) provide readers with a broad overview of the School's finances. The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies.

*The Statement of Net Position* provides information on all of the assets and liabilities of the School, with the difference between the two providing the net position. Increases or decreases in the net position may indicate whether the financial position of the School is improving or deteriorating, respectively.

*The Statement of Activities* reflects changes in net position during the fiscal year. Changes in net position are reported using the accrual basis of accounting, similar to that used by private-sector companies. Accrual basis accounting takes into account all current year related revenue and expenditures, regardless of when cash is received or paid.

The GWFS presents an aggregate view of the School's finances and contains useful long-term information as well as information for the just-completed fiscal year.

To assess the overall financial condition of the School, additional non-financial factors, such as changes in the condition of school buildings and other facilities, should be considered.

In the GWFS, the School's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, custodial, maintenance, transportation, and food services. Most of these activities are supported by the State of Utah Minimum School Program. The GWFS can be found on pages 9-10 of this report.

### **Fund Financial Statements**

Funds are accounting devices the School uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund financial statements focus on individual parts of the School. Fund statements generally report operations in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the School as a whole.

The School establishes other funds, as necessary, to control and manage money for particular purposes or to show that it is properly using certain revenue.

### **Governmental Funds**

Governmental funds account for nearly the same functions as the governmental activities. However, unlike the GWFS, governmental funds focus on near-term inflows and outflows as well as the balances left at year-end that are available for funding future basic services.

It is useful to compare information found in the governmental funds with that of the governmental activities. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions.

The basic governmental funds financial statements can be found on pages 11-15 of this report.

### **Notes**

The notes to the financial statements starting on page 16 provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the School's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the School's budget data for the year.

### Government-Wide Financial Analysis

Net position may serve as a useful indicator of an organization's financial position. The School's net position increased by \$1,453,669. A reason for this increase was an increase in state aid based on an increase in the weighted pupil unit (WPU).

|                                  | 2025                 | 2024                 |
|----------------------------------|----------------------|----------------------|
| <b>Assets</b>                    |                      |                      |
| Current and other assets         | \$ 9,356,495         | \$ 8,538,184         |
| Capital assets                   | 11,943,238           | 12,037,388           |
| <b>Total assets</b>              | <b>\$ 21,299,733</b> | <b>\$ 20,575,572</b> |
| <b>Liabilities</b>               |                      |                      |
| Current and other liabilities    | \$ 1,145,748         | \$ 1,382,848         |
| Long-term liabilities            | 12,368,787           | 12,861,195           |
| <b>Total liabilities</b>         | <b>13,514,535</b>    | <b>14,244,043</b>    |
| <b>Net Position</b>              |                      |                      |
| Net investment in capital assets | (425,549)            | (618,163)            |
| Restricted                       | 1,203,057            | 1,215,988            |
| Unrestricted                     | 7,007,690            | 5,733,704            |
| <b>Total net position</b>        | <b>\$ 7,785,198</b>  | <b>\$ 6,331,529</b>  |

A portion of the School's net position is the investment in capital assets (i.e., buildings and improvements, land, equipment, furniture and fixtures, vehicles and right-to-use leased assets) and the related debt used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending. The negative net investment in capital assets is due to cumulative depreciation of the respective capital assets exceeding the cumulative principal repayments on the related long-term debt. Restricted net position is restricted for debt service and program restrictions. The remaining portion of the School's net position is unrestricted.

### Governmental Activities

Changes in Net Position – The table below shows the changes in net position for the fiscal years 2025 and 2024. The School relies on state and federal support for 96% of its governmental activities for the year ended June 30, 2025. The School had total revenue of \$15,447,836 and total expenses of \$13,994,167, during the year ended June 30, 2025. The School had an increase in net position of \$1,453,669 during the year ended June 30, 2025. The increase in net position was due to an increase in WPU resulting in additional federal and state aid.

# DaVinci Academy of Science and the Arts

## Management's Discussion and Analysis

June 30, 2025

|                                         | 2025                | 2024                | Change              |
|-----------------------------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                          |                     |                     |                     |
| Program revenue                         |                     |                     |                     |
| State and federal aid                   | \$ 14,766,227       | \$ 14,228,152       | \$ 538,075          |
| Charges for services                    | 109,216             | 94,886              | 14,330              |
| Operating grants and contributions      | 1,487               | 5,246               | (3,759)             |
| Earnings on investments                 | 350,215             | 225,108             | 125,107             |
| Other local revenue                     | 220,691             | 299,367             | (78,676)            |
| <b>Total revenue</b>                    | <b>15,447,836</b>   | <b>14,852,759</b>   | <b>595,077</b>      |
| <b>Expenses</b>                         |                     |                     |                     |
| Instructional                           | 8,750,297           | 9,067,226           | (316,929)           |
| Support services                        |                     |                     |                     |
| Students                                | 423,343             | 407,965             | 15,378              |
| Staff assistance                        | 44,950              | 49,264              | (4,314)             |
| General                                 | 99,532              | 116,569             | (17,037)            |
| School administration                   | 1,260,385           | 1,028,258           | 232,127             |
| Central services                        | 457,730             | 334,647             | 123,083             |
| Operation and maintenance of facilities | 1,690,332           | 1,231,466           | 458,866             |
| Transportation                          | 289,933             | 128,154             | 161,779             |
| School food services                    | 516,441             | 458,396             | 58,045              |
| Interest and other costs                | 461,224             | 446,964             | 14,260              |
| <b>Total expenses</b>                   | <b>13,994,167</b>   | <b>13,268,909</b>   | <b>725,258</b>      |
| <b>Change in Net Position</b>           | <b>\$ 1,453,669</b> | <b>\$ 1,583,850</b> | <b>\$ (130,181)</b> |

### Governmental Funds

The focus of the School's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

**General Fund** – The general fund is the general operating fund for the School. At the end of the current fiscal year, the general fund balance is \$8,299,109 which is an increase of \$1,052,286 from the prior year. The School received additional state aid funding. The School also puts an emphasis on conservative budgeting to remain fiscally healthy year to year.

Expenditures for general School purposes totaled \$14,511,766, which is an increase of \$582,619 from the prior year. The increase in expenditures was due to an increase in operation and maintenance of the facilities.

General fund salaries totaled \$8,003,514, while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, and vision added \$2,221,457 to arrive at 70% of the School's general fund expenditures.

### **Budgetary Highlights**

The School adopts an original budget in June for the subsequent year.

Actual expenditures in the General fund were \$322,022 less than the amended budget. The School's budget to actual difference is in compliance with local and state requirements of budgetary thresholds. In addition, this difference allows for compliance in the event of unforeseen circumstances that may arise at the end of the operating year.

### **Capital Assets**

The School has invested \$17,329,863 in a wide range of capital assets, but primarily in land, buildings and improvements, and equipment. The total accumulated depreciation and amortization on these assets amounts to \$5,386,625. There were capital asset additions of \$599,869 for fiscal year 2025. Additional information regarding the School's capital assets can be found in Note 3 to the basic financial statements.

### **Long-Term Debt**

Long-term debt consists of note, bonds and bond fee payable and lease liabilities totaling \$12,368,787 as of June 30, 2025, and bear interest at rates ranging from 2.00% to 5.00%. The note payable matures in January 2027. The bonds and bond fee payables mature at various dates through April 2047. See Notes 4 and 5 to the basic financial statements for more information about long-term debt.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School at 2033 Grant Avenue, Ogden, Utah 84401, or by phone at 801-409-0700.

# DaVinci Academy of Science and the Arts

## Statement of Net Position

June 30, 2025

|                                                                   | <u>Governmental<br/>Activities</u> |
|-------------------------------------------------------------------|------------------------------------|
| Assets                                                            |                                    |
| Cash and investments                                              | \$ 7,539,019                       |
| Restricted cash and investments                                   | 1,176,289                          |
| State receivables                                                 | 260,180                            |
| Federal receivables                                               | 356,576                            |
| Other receivables                                                 | 12,508                             |
| Prepaid expenses                                                  | 3,640                              |
| Deposits                                                          | 8,283                              |
| Capital assets (not subject to depreciation)                      | 2,342,222                          |
| Capital assets (net of accumulated depreciation and amortization) | <u>9,601,016</u>                   |
| Total assets                                                      | <u>21,299,733</u>                  |
| Liabilities                                                       |                                    |
| Accounts payable                                                  | 158,573                            |
| Accrued liabilities                                               | 890,530                            |
| Accrued interest                                                  | 96,645                             |
| Long-term liabilities                                             |                                    |
| Due within one year - bonds, note and lease payables              | 611,372                            |
| Due in more than one year - bonds, note and lease payables        | <u>11,757,415</u>                  |
| Total liabilities                                                 | <u>13,514,535</u>                  |
| Net Position                                                      |                                    |
| Net investment in capital assets                                  | (425,549)                          |
| Restricted for                                                    |                                    |
| Food service                                                      | 3,419                              |
| Teacher salary supplement                                         | 23,349                             |
| Debt service                                                      | 1,176,289                          |
| Unrestricted                                                      | <u>7,007,690</u>                   |
| Total net position                                                | <u><u>\$ 7,785,198</u></u>         |

# DaVinci Academy of Science and the Arts

## Statement of Activities

Year Ended June 30, 2025

| Functions/Programs                                              | Expenses          | Program Revenue         |                                          | Net<br>Revenue (Expense)<br>and Changes<br>in Net Position |
|-----------------------------------------------------------------|-------------------|-------------------------|------------------------------------------|------------------------------------------------------------|
|                                                                 |                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions |                                                            |
| <i>Governmental activities</i>                                  |                   |                         |                                          |                                                            |
| Instructional                                                   | \$ 8,750,297      | \$ -                    | \$ 8,118,586                             | \$ (631,711)                                               |
| Support services                                                |                   |                         |                                          |                                                            |
| Students                                                        | 423,343           | -                       | -                                        | (423,343)                                                  |
| Staff assistance                                                | 44,950            | -                       | -                                        | (44,950)                                                   |
| General                                                         | 99,532            | -                       | -                                        | (99,532)                                                   |
| School administration                                           | 1,260,385         | -                       | -                                        | (1,260,385)                                                |
| Central services                                                | 457,730           | -                       | -                                        | (457,730)                                                  |
| Operation and maintenance<br>of facilities                      | 1,690,332         | -                       | -                                        | (1,690,332)                                                |
| Transportation                                                  | 289,933           | -                       | -                                        | (289,933)                                                  |
| School food services                                            | 516,441           | 109,216                 | 262,652                                  | (144,573)                                                  |
| Interest and other costs                                        | 461,224           | -                       | -                                        | (461,224)                                                  |
| <br>Total governmental activities                               | <br>\$ 13,994,167 | <br>\$ 109,216          | <br>\$ 8,381,238                         | <br>(5,503,713)                                            |
| General Revenue                                                 |                   |                         |                                          |                                                            |
| Grants and contributions not restricted to<br>specific programs |                   |                         |                                          |                                                            |
| State aid                                                       |                   |                         |                                          | 6,386,476                                                  |
| Local revenue                                                   |                   |                         |                                          | 220,691                                                    |
| Earnings on investments                                         |                   |                         |                                          | 350,215                                                    |
| Total general revenue                                           |                   |                         |                                          | 6,957,382                                                  |
| Change in Net Position                                          |                   |                         |                                          | 1,453,669                                                  |
| Net Position, Beginning of Year                                 |                   |                         |                                          | 6,331,529                                                  |
| Net Position, End of Year                                       |                   |                         |                                          | \$ 7,785,198                                               |

# DaVinci Academy of Science and the Arts

## Balance Sheet – Governmental Funds

June 30, 2025

|                                 | General             |
|---------------------------------|---------------------|
| Assets                          |                     |
| Cash and investments            | \$ 7,539,019        |
| Restricted cash and investments | 1,176,289           |
| State receivables               | 260,180             |
| Federal receivables             | 356,576             |
| Other receivables               | 12,508              |
| Prepaid expenses                | 3,640               |
|                                 |                     |
| Total assets                    | <u>\$ 9,348,212</u> |
| Liabilities and Fund Balance    |                     |
| Liabilities                     |                     |
| Accounts payable                | \$ 158,573          |
| Accrued liabilities             | 890,530             |
|                                 |                     |
| Total liabilities               | <u>1,049,103</u>    |
| Fund Balance                    |                     |
| Nonspendable                    |                     |
| Prepaid expenses                | 3,640               |
| Restricted for                  |                     |
| Food service                    | 3,419               |
| Teacher salary supplement       | 23,349              |
| Debt service                    | 1,176,289           |
| Unassigned                      | 7,092,412           |
|                                 |                     |
| Total fund balance              | <u>8,299,109</u>    |
|                                 |                     |
|                                 | <u>\$ 9,348,212</u> |

DaVinci Academy of Science and the Arts  
Reconciliation for Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2025

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|                                         |              |
|-----------------------------------------|--------------|
| Total Fund Balance - Governmental Funds | \$ 8,299,109 |
|-----------------------------------------|--------------|

The cost of capital assets (land, building and improvements, vehicles, equipment, furniture and fixtures, and right-of-use leased assets) purchased or constructed is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the School as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation and amortization expense) to the various programs reported as governmental activities in the statement of activities. Because depreciation and amortization expense does not affect financial resources, it is not reported in government funds.

|                                               |                    |            |
|-----------------------------------------------|--------------------|------------|
| Costs of capital assets                       | 17,329,863         |            |
| Depreciation and amortization expense to date | <u>(5,386,625)</u> |            |
|                                               |                    | 11,943,238 |

|                                                                                                                 |       |
|-----------------------------------------------------------------------------------------------------------------|-------|
| Refundable deposits used in the governmental fund are not financial resources and are not reported in the fund. | 8,283 |
|-----------------------------------------------------------------------------------------------------------------|-------|

Long-term liabilities applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.  
Balances at year end are:

|                          |                 |                     |
|--------------------------|-----------------|---------------------|
| Long-term liabilities    |                 |                     |
| Note payable             | (123,738)       |                     |
| Bonds payable            | (11,155,000)    |                     |
| Bond fee payable         | (293,150)       |                     |
| Premium on bonds payable | (260,877)       |                     |
| Lease liabilities        | (536,022)       |                     |
| Accrued interest         | <u>(96,645)</u> |                     |
|                          |                 | <u>(12,465,432)</u> |

|              |                            |
|--------------|----------------------------|
| Net Position | \$ <u><u>7,785,198</u></u> |
|--------------|----------------------------|

DaVinci Academy of Science and the Arts  
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds  
Year Ended June 30, 2025

|                                            | <u>General</u>    |
|--------------------------------------------|-------------------|
| Revenue                                    |                   |
| State aid                                  | \$ 14,156,205     |
| Federal aid                                | 610,022           |
| Earnings on investments                    | 350,215           |
| School fees                                | 132,528           |
| School lunch sales                         | 109,216           |
| Local contributions                        | 1,487             |
| Other local sources                        | <u>88,163</u>     |
| Total revenue                              | <u>15,447,836</u> |
| Expenditures                               |                   |
| Instructional                              | <u>8,750,297</u>  |
| Support services                           |                   |
| Students                                   | 423,343           |
| Staff assistance                           | 44,950            |
| General                                    | 99,532            |
| School administration                      | 1,260,385         |
| Central services                           | 457,730           |
| Operation and maintenance<br>of facilities | 996,313           |
| Transportation                             | <u>289,933</u>    |
| Total support services                     | <u>3,572,186</u>  |
| Non instructional                          |                   |
| School food services program               | 516,441           |
| Capital outlay                             | <u>599,869</u>    |
| Total non instructional                    | <u>1,116,310</u>  |
| Debt service                               |                   |
| Principal payments                         | 587,824           |
| Interest and other costs                   | <u>485,149</u>    |
| Total debt service                         | <u>1,072,973</u>  |
| Total expenditures                         | <u>14,511,766</u> |
| Excess of Revenue over Expenditures        | <u>936,070</u>    |

DaVinci Academy of Science and the Arts  
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds  
Year Ended June 30, 2025

---

|                                 | <u>General</u>             |
|---------------------------------|----------------------------|
| Other Financing Sources         |                            |
| Proceeds from leases            | <u>116,216</u>             |
| Net Change in Fund Balance      | 1,052,286                  |
| Fund Balance, Beginning of Year | <u>7,246,823</u>           |
| Fund Balance, End of Year       | <u><u>\$ 8,299,109</u></u> |

DaVinci Academy of Science and the Arts  
Reconciliation of Governmental Funds Statement of Revenue, Expenditures,  
and Changes in Fund Balance to the Statement of Activities  
Year Ended June 30, 2025

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|                                                       |              |
|-------------------------------------------------------|--------------|
| Total Net Change in Fund Balance - Governmental Funds | \$ 1,052,286 |
|-------------------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlay during the fiscal year:

|                                       |           |          |
|---------------------------------------|-----------|----------|
| Capital outlay                        | 599,869   |          |
| Depreciation and amortization expense | (694,019) |          |
|                                       |           | (94,150) |

The governmental funds report repayment of long-term liability payments as expenditures. Interest is recognized as an expenditure in the governmental activities when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

|                                 |           |         |
|---------------------------------|-----------|---------|
| Repayment of long-term debt     | 587,824   |         |
| Proceeds from lease liabilities | (116,216) |         |
| Amortization of bond premium    | 20,800    |         |
| Change in accrued interest      | 3,125     |         |
|                                 |           | 495,533 |

|                                                   |              |
|---------------------------------------------------|--------------|
| Change in Net Position of Governmental Activities | \$ 1,453,669 |
|---------------------------------------------------|--------------|

**Note 1 - Summary of Significant Accounting Policies**

DaVinci Academy of Science and the Arts (the School) is a nonprofit entity incorporated on September 15, 2003, to develop competent, inventive, ethical, and divergent thinkers who can apply their knowledge, skills, leadership, and problem-solving abilities to become productive citizens of the dynamic world. The School is located in Ogden, Utah, and serves grades K-12 onsite as well as K-6 distance.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

**Financial Reporting Entity**

The School follows GASB in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds and agencies of the primary government whose budgets are controlled or whose boards are appointed by the School's Board of Directors (the Board).

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the School are classified as governmental funds. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for the School's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

The general fund is considered a major fund. Governmental funds include:

General fund – the primary operating fund of the School accounts for all financial resources, except those required to be accounted for in other funds.

**Measurement Focus and Basis of Accounting****Government-Wide Financial Statements (GWFS)**

The statement of net position and the statement of activities display information about the reporting government as a whole.

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenue, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* in the GWFS.

### **Program Revenue**

Program revenue included in the statement of activities derive directly from the program itself or from parties outside the School's citizenry, as a whole; program revenue reduces the cost of the function to be financed from the School's general revenue. Program revenue includes charges to students or applicants who purchase, use, or directly benefit from the goods or services provided by the given function.

### **Fund Financial Statements**

#### **Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual defined as measurable and available. Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities and deferred outflows and inflows of resources, as applicable, are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

The governmental funds use the following practices in recording revenue and expenditures:

#### **Revenue**

Entitlements and shared revenue (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available (generally collected within 90 days of year-end) when cash is received by the School and are recognized as revenue at that time. The School's period of availability is 90 days subsequent to year end.

**Expenditures**

Expenditures are generally recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. The School has employees who do not work year-round, but receive salary payments on a monthly basis; salaries earned, but unpaid, have been accrued as of June 30, 2025.

**Restricted Cash and Investments**

Cash and investments restricted for debt service is cash and investments set aside for bonds payable reserve requirements.

**Investments**

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**Receivables**

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectible items have been recorded as of June 30, 2025.

**Deposits**

The School maintains a security deposit with a lessor that is refundable upon expiration of lease.

**Estimates**

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

**Capital Assets**

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated acquisition value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. The School's capitalization threshold is \$10,000. The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

Straight-line depreciation is used based on the following estimated useful lives:

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 15-40 years |
| Equipment                  | 3-15 years  |
| Furniture and fixtures     | 5-40 years  |
| Vehicles                   | 7 years     |

Right-to-use leased assets are recognized at the lease commencement date and represent the School's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 36-60 months.

### Leases

The School is a lessee for various non-cancellable leases of copier machines, mail postage machines, and buildings. The School recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements.

At the commencement of a lease, the School 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.

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

- The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable 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 School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### Long-Term Liabilities

For government-wide reporting, material premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt is reported net of the applicable premium or discount. Issuance costs are expensed as incurred.

For fund financial reporting, premiums and discounts as well as issuance costs are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### **Restricted Net Position**

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use is either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

It is the School's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

### **Fund Balances of Fund Financial Statements**

The governmental fund financial statements present fund balance based on classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School has historically shown prepaids as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the general obligations and are restricted through debt covenants.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

**Assigned:** This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or by the Board delegating this responsibility to the Executive Director or their designee through the budgetary process.

Unassigned: This classification includes the residual fund balance for the general fund and the amount established for minimum funding.

The School has a policy to use restricted fund balances first followed by committed resources and then assigned resources as appropriate opportunities arise but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

### Grants and Other Intergovernmental Revenue

Federal and state reimbursement-type grants are recorded as intergovernmental revenue when the related expenditures and expenses are incurred and, in the governmental funds, when the revenue meets the availability criterion.

### Note 2 - Cash and Investments

At June 30, 2025, the School's cash and investments consisted of the following:

|                                  |               |                     |                              |
|----------------------------------|---------------|---------------------|------------------------------|
| Cash                             |               |                     |                              |
| Insured                          |               | \$ 317,098          |                              |
| Uninsured and not collateralized |               | <u>1,735,111</u>    |                              |
| Total balance of deposits        |               | <u>\$ 2,052,209</u> |                              |
|                                  |               |                     |                              |
|                                  | <u>Rating</u> | <u>Fair Value</u>   | <u>Investment Maturities</u> |
| Investments                      |               |                     |                              |
| PTIF                             | Unrated       | <u>\$ 6,663,099</u> | Less than 1 year             |
| Total cash and investments       |               | <u>\$ 8,715,308</u> |                              |

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

The School follows the requirements of the Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of School funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the School's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the School to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on a fair value basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

#### *Fair Value of Investments*

The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

The investments consist only of PTIF funds which are classified as Level 2. The PTIF funds use the application of the June 30, 2025, fair value as calculated by the Utah State Treasurer to the School’s average daily balance in the Fund. The School currently has no assets that qualify for Level 1 or 3 investments. The following table illustrates the investments by the appropriate levels for the School:

|               | Total        | Quoted Prices<br>in Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|---------------|--------------|----------------------------------------------------|--------------------------------------------|-------------------------------------|
| June 30, 2025 |              |                                                    |                                            |                                     |
| PTIF          | \$ 6,663,099 | \$ -                                               | \$ 6,663,099                               | \$ -                                |

**Custodial Credit Risk**

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The School's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the School to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The School's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the state to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

**Note 3 - Capital Assets**

A summary of activity in the capital assets is as follows:

|                                                               | <u>June 30, 2024</u> | <u>Additions</u>   | <u>Deletions</u> | <u>June 30, 2025</u> |
|---------------------------------------------------------------|----------------------|--------------------|------------------|----------------------|
| Capital assets, not subject to depreciation                   |                      |                    |                  |                      |
| Land                                                          | <u>\$ 2,165,801</u>  | <u>\$ 176,421</u>  | <u>\$ -</u>      | <u>\$ 2,342,222</u>  |
| Capital assets being depreciated                              |                      |                    |                  |                      |
| Buildings and improvements                                    | 12,157,088           | 14,227             | -                | 12,171,315           |
| Equipment                                                     | 1,349,914            | 146,805            | -                | 1,496,719            |
| Vehicles                                                      | -                    | 117,746            | -                | 117,746              |
| Furniture and fixtures                                        | 258,217              | 28,454             | -                | 286,671              |
| Total capital assets being depreciated                        | <u>13,765,219</u>    | <u>307,232</u>     | <u>-</u>         | <u>14,072,451</u>    |
| Less accumulated depreciation                                 |                      |                    |                  |                      |
| Buildings and improvements                                    | (3,397,224)          | (329,573)          | -                | (3,726,797)          |
| Equipment                                                     | (899,296)            | (147,770)          | -                | (1,047,066)          |
| Vehicles                                                      | -                    | (15,420)           | -                | (15,420)             |
| Furniture and fixtures                                        | (190,149)            | (13,208)           | -                | (203,357)            |
| Total accumulated depreciation                                | <u>(4,486,669)</u>   | <u>(505,971)</u>   | <u>-</u>         | <u>(4,992,640)</u>   |
| Net capital assets, subject to depreciation                   | <u>9,278,550</u>     | <u>(198,739)</u>   | <u>-</u>         | <u>9,079,811</u>     |
| Right-to-use lease assets being amortized                     |                      |                    |                  |                      |
| Buildings                                                     | 777,240              | -                  | -                | 777,240              |
| Equipment                                                     | 66,684               | 116,216            | (44,950)         | 137,950              |
| Total right-to-use lease assets being amortized               | <u>843,924</u>       | <u>116,216</u>     | <u>(44,950)</u>  | <u>915,190</u>       |
| Less accumulated amortization                                 |                      |                    |                  |                      |
| Buildings                                                     | (203,063)            | (163,931)          | -                | (366,994)            |
| Equipment                                                     | (47,824)             | (24,117)           | 44,950           | (26,991)             |
| Total accumulated amortization                                | <u>(250,887)</u>     | <u>(188,048)</u>   | <u>44,950</u>    | <u>(393,985)</u>     |
| Net right-to-use leased assets                                | <u>593,037</u>       | <u>(71,832)</u>    | <u>-</u>         | <u>521,205</u>       |
| Total capital assets subject to depreciation and amortization | <u>9,871,587</u>     | <u>(270,571)</u>   | <u>-</u>         | <u>9,601,016</u>     |
| Total capital assets, net                                     | <u>\$12,037,388</u>  | <u>\$ (94,150)</u> | <u>\$ -</u>      | <u>\$11,943,238</u>  |

Depreciation and amortization expense was charged to operation and maintenance of facilities function of the School.

**Note 4 - Leases**

The School entered into various lease agreements to lease copiers, mail postage machines and buildings that end at various dates through February 2030. Initial lease liabilities were recorded in the amount of \$855,846 for the various leases. As of June 30, 2025, the value of the lease liabilities totaled \$536,022. Under the terms of the leases, the School pays monthly base fees ranging from \$77 to \$9,361. The right-to-use assets are being amortized over the lives of the leases. The value of the right-to-use assets as of June 30, 2025, is \$521,205, which is net of the accumulated amortization of \$393,985. The School used discount rates ranging from 4.43% to 5.00% based on an estimated incremental borrowing rate.

Remaining obligations associated with these leases are:

| Years Ending June 30, | Principal         | Interest         | Total             |
|-----------------------|-------------------|------------------|-------------------|
| 2026                  | \$ 196,342        | \$ 20,814        | \$ 217,156        |
| 2027                  | 176,370           | 11,616           | 187,986           |
| 2028                  | 122,606           | 4,698            | 127,304           |
| 2029                  | 24,385            | 1,474            | 25,859            |
| 2030                  | 16,319            | 307              | 16,626            |
| Total                 | <u>\$ 536,022</u> | <u>\$ 38,909</u> | <u>\$ 574,931</u> |

**Note 5 - Long-Term Liabilities**

A summary of activity for the long-term liabilities is as follows:

|                   | Balance at<br>June 30, 2024 | Additions         | Retirements         | Balance at<br>June 30, 2025 | Due Within<br>One Year |
|-------------------|-----------------------------|-------------------|---------------------|-----------------------------|------------------------|
| Note payable      | \$ 205,644                  | \$ -              | \$ (81,906)         | \$ 123,738                  | \$ 77,720              |
| Bonds payable     | 11,455,000                  | -                 | (300,000)           | 11,155,000                  | 315,000                |
| Bond fee payable  | 316,060                     | -                 | (22,910)            | 293,150                     | 22,310                 |
| Bond premium      | 281,677                     | -                 | (20,800)            | 260,877                     | -                      |
| Lease liabilities | 602,814                     | 116,216           | (183,008)           | 536,022                     | 196,342                |
|                   | <u>\$ 12,861,195</u>        | <u>\$ 116,216</u> | <u>\$ (608,624)</u> | <u>\$ 12,368,787</u>        | <u>\$ 611,372</u>      |

Long-term liabilities as of June 30, 2025, consist of the following:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------|
| <p>Series 2017 Bonds (2017 Bonds) have an average interest rate of 4.29%. The 2017 Bonds are subject to semi-annual interest payments and annual principal payments through April 2047. The 2017 Bonds were issued at a premium of \$440,535 that is amortized over the life of bonds. Accumulated amortization of the bond premium at June 30, 2025, is \$179,658. The 2017 Bonds were issued through the Utah State Charter School Finance Authority (the Authority). The 2017 Bonds issued by the Authority are not debt of the state of Utah or the Authority but is an obligation payable solely from the School's funds, and the Authority does not guarantee the 2017 Bonds. The School is required to maintain a cash or liquid investment balance equal to or greater than 30 days of the prior year expenses, or a debt service coverage ratio of 110% if 30 days cash on hand is not available. These covenants remain in effect until the bonds are retired.</p> |  | \$ 11,155,000               |
| <p>The School borrowed \$300,000 from the Utah State Board of Education (USBE). The note bears interest at 2.00%, which also approximates the effective interest rate, requires monthly payments of principal and interest of \$6,624, and matures January 2027.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | 123,738                     |
| <p>Costs to issue the Series 2017 Bonds totaled \$488,862 to the Authority. This payable represents 2% of the outstanding bond principal over the life of the bonds.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | 293,150                     |
| <p>Lease liabilities - See Note 4</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | <u>536,022</u>              |
| <p>Total long-term debt outstanding</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  | 12,107,910                  |
| <p>Bond premium, net</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | <u>260,877</u>              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  | <u><u>\$ 12,368,787</u></u> |

The annual requirements to pay principal and interest on the outstanding long-term liabilities excluding the lease liabilities (See Note 4) is as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|------------------------------|----------------------|---------------------|----------------------|
| 2026                         | \$ 415,030           | \$ 467,197          | \$ 882,227           |
| 2027                         | 397,698              | 449,909             | 847,607              |
| 2028                         | 371,020              | 431,962             | 802,982              |
| 2029                         | 385,300              | 414,144             | 799,444              |
| 2030                         | 394,550              | 402,738             | 797,288              |
| 2031-2035                    | 2,185,450            | 1,802,144           | 3,987,594            |
| 2036-2040                    | 2,697,200            | 1,265,081           | 3,962,281            |
| 2041-2045                    | 3,245,200            | 689,456             | 3,934,656            |
| 2046-2047                    | 1,480,440            | 89,200              | 1,569,640            |
| Total                        | <u>\$ 11,571,888</u> | <u>\$ 6,011,830</u> | <u>\$ 17,583,718</u> |

#### **Note 6 - Concentrations**

The School's principal source of support is state and federal-based support revenue. For the year ended June 30, 2025, this funding source accounted for approximately 96% of all revenue.

#### **Note 7 - Benefit Plan**

The School has a defined contribution plan covering substantially all employees. The plan provides that all full-time employees can voluntarily contribute up to the statutory limits of their earnings to the plan. Employer contributions are discretionary and are determined and authorized by the Board each plan year. Total expense related to the plan for the year ended June 30, 2025, was \$222,462.

Required Supplementary Information  
June 30, 2025

## DaVinci Academy of Science and the Arts

# DaVinci Academy of Science and the Arts

## Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Year Ended June 30, 2025

|                                            | Budgeted Amounts |               | Actual        | Variance<br>with<br>Final Budget-<br>Positive<br>(Negative) |
|--------------------------------------------|------------------|---------------|---------------|-------------------------------------------------------------|
|                                            | Original         | Final         | Amounts       |                                                             |
| Revenue                                    |                  |               |               |                                                             |
| State aid                                  | \$ 13,811,269    | \$ 14,057,128 | \$ 14,156,205 | \$ 99,077                                                   |
| Federal aid                                | 452,056          | 466,153       | 610,022       | 143,869                                                     |
| Earnings on investments                    | 50,000           | 325,000       | 350,215       | 25,215                                                      |
| School fees                                | 70,000           | 105,932       | 132,528       | 26,596                                                      |
| School lunch sales                         | 60,000           | 93,653        | 109,216       | 15,563                                                      |
| Local contributions                        | 3,000            | 1,110         | 1,487         | 377                                                         |
| Other local sources                        | 10,000           | 22,430        | 88,163        | 65,733                                                      |
| Total revenue                              | 14,456,325       | 15,071,406    | 15,447,836    | 376,430                                                     |
| Expenditures                               |                  |               |               |                                                             |
| Instructional                              | 9,345,318        | 9,042,338     | 8,750,297     | 292,041                                                     |
| Support services                           |                  |               |               |                                                             |
| Students                                   | 538,837          | 539,882       | 423,343       | 116,539                                                     |
| Staff assistance                           | 81,650           | 81,650        | 44,950        | 36,700                                                      |
| General                                    | 156,000          | 161,000       | 99,532        | 61,468                                                      |
| School administration                      | 1,311,601        | 1,235,944     | 1,260,385     | (24,441)                                                    |
| Central services                           | 378,638          | 628,945       | 457,730       | 171,215                                                     |
| Operation and maintenance<br>of facilities | 883,011          | 924,848       | 996,313       | (71,465)                                                    |
| Transportation                             | 166,649          | 172,902       | 289,933       | (117,031)                                                   |
| Total support services                     | 3,516,386        | 3,745,171     | 3,572,186     | 172,985                                                     |
| Non-instructional                          |                  |               |               |                                                             |
| School food services program               | 551,645          | 577,516       | 516,441       | 61,075                                                      |
| Capital outlay                             | -                | 599,869       | 599,869       | -                                                           |
| Total non-instructional                    | 551,645          | 1,177,385     | 1,116,310     | 61,075                                                      |
| Debt service                               |                  |               |               |                                                             |
| Principal payments                         | 349,398          | 384,183       | 587,824       | (203,641)                                                   |
| Interest and other costs                   | 484,711          | 484,711       | 485,149       | (438)                                                       |
| Total debt service                         | 834,109          | 868,894       | 1,072,973     | (204,079)                                                   |
| Total expenditures                         | 14,247,458       | 14,833,788    | 14,511,766    | 322,022                                                     |

DaVinci Academy of Science and the Arts

Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended June 30, 2025

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|                                     | Budgeted Amounts |            | Actual       | Variance                                        |
|-------------------------------------|------------------|------------|--------------|-------------------------------------------------|
|                                     | Original         | Final      | Amounts      | with<br>Final Budget-<br>Positive<br>(Negative) |
| Excess of Revenue over Expenditures | 208,867          | 237,618    | 936,070      | 698,452                                         |
| Other Financing Sources             |                  |            |              |                                                 |
| Proceeds from lease liabilities     | -                | -          | 116,216      | 116,216                                         |
| Net Change in Fund Balance          | \$ 208,867       | \$ 237,618 | \$ 1,052,286 | \$ 814,668                                      |

**Note 1 - Basis of Budgeting**

The School follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The School's Executive Director is appointed as the budget officer. Before June 1 of each year, the budget officer shall prepare a tentative budget, with supporting documentation, to be submitted to the Board.
2. The tentative budget and supporting documents shall include the following items:
  - a. The revenue and expenditures of the preceding fiscal year,
  - b. The estimated revenue and expenditures of the current fiscal year,
  - c. A detailed estimate of the essential expenditures for all the purposes for the next succeeding fiscal year
  - d. The estimated financial condition of the School at the close of the fiscal year.
3. The tentative budget shall be filed with the School's Executive Director for public inspection at least 15 days before the date of the tentative budget's proposed adoption by the Board.
4. Before June 30 of each year, the Board will adopt a budget for the next fiscal year.
5. By the sooner of July 15 or 30 days of adopting a budget, the Board will file a copy of the adopted budget with the state auditor and the State Board of Education.

Compliance Reports

June 30, 2025

# DaVinci Academy of Science and the Arts



**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***

The Board of Directors  
DaVinci Academy of Science and the Arts  
Ogden, Utah

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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of DaVinci Academy of Science and the Arts (the School), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 24, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 School'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 the School's financial statements are free of 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 result of that testing and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Erik Sallie LLP". The signature is written in a cursive, flowing style.

Ogden, Utah  
November 24, 2025



**Independent Auditor's Report on Compliance and Report on Internal Control over Compliance  
as Required by the *State Compliance Audit Guide***

The Board of Directors  
DaVinci Academy of Science and the Arts  
Ogden, Utah

**Report on Compliance**

We have audited DaVinci Academy of Science and the Arts' (the School) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025, in the following areas:

- Budgetary Compliance
- Fraud Risk Assessment
- Cash Management
- Crime Insurance for Public Treasurers
- Internal Control Systems
- Public Education Programs

**Opinion on Compliance**

In our opinion, the School complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

**Basis for Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *State Compliance Audit Guide* (Guide) issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the state requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's government programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a

deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ogden, Utah  
November 24, 2025