Yinghua Academy
Charter School No. 4140
Minneapolis, Minnesota

Basic Financial Statements

June 30, 2024

Yinghua Academy
Charter School No. 4140
Table of Contents

Yinghua Academy
Charter School No. 4140
Board of Directors and Administration

Board of Directors	Position
Cindy Moeller	Board Chair
Nathan Bode	Secretary
Charles Robinson	Treasurer
Paul Haller	Member
Pamella Stommes	Member
Barbara Knott	Member
Andrew Lawton	Member
Colleen Ebinger	Member
Amanda Schneider	Member
Yinglu Zeglin	Member

Administration	
Dr. Luyi Lien	Executive Director
Danielle Miller	Director of English Instruction
Fang Wu	Director of Chinese Instruction
Eric Foster	Business/Human Resources Manager

YBC, Inc.
Board of Directors

Board of Directors	Position
Scott Jax	Board Chair
Xiaoyan Sun	Treasurer
Karen Lu	Secretary

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Independent Auditor's Report

To the School Board
Yinghua Academy
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Yinghua Academy, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the Academy's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Yinghua Academy as of June 30, 2024, and the respective changes in financial position and the budgetary comparisons for the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund 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. 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 Yinghua Academy 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
The management of Yinghua Academy 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 Academy'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 Academy'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, which raise substantial doubt about the Academy'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, which follows this report letter, and 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic 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 18, 2024, on our consideration of the Academy'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 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 Academy's internal control over financial reporting and compliance.

Bergan KDV Ltd.

St. Cloud, Minnesota
November 18, 2024

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This section of Yinghua Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the school year that ended on June 30, 2024. Please read it in conjunction with the Academy's basic financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is a required element of required supplementary information specified in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2023-2024 year include the following:

- The total fund balance of the General Fund ended at a positive $2,860,982.
- Overall General Fund revenues were $9,899,285 as compared to $9,758,542 of expenditures.

Overview of the Basic Financial Statements

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the MD&A (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Academy's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Academy, reporting the Academy's operations in more detail than the government-wide statements.

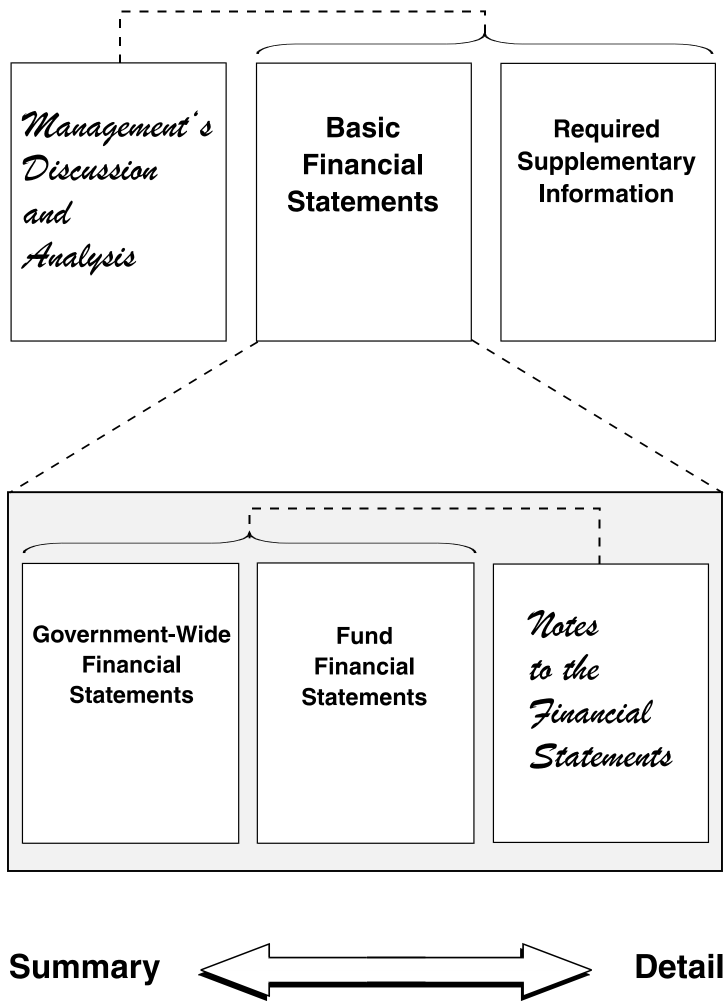
The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

Overview of the Basic Financial Statements

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the basic financial statements.

Overview of the Basic Financial Statements (Continued)
Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Annual Report Format



Overview of the Basic Financial Statements (Continued)

The major features of the Academy's basic financial statements, including the portion of the Academy's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

		Fund Statement		
Type of statements	**Government-wide**	**Governemtnal Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire School (except fiduciary funds) and the school's component units	The activies of the school that are not proprietary or fiduciary	Activities the school operates similar to private businesses: self insurance	Instances in which the school is the trustee of agent for someone else's resources
Required financial statements	♦Statement of Net Position ♦Statement of Activities	♦Balance Sheet ♦Statement of Revenues, Expenditures and Changes in Fund Net Position	♦Statement of Net Position ♦Statement of Revenues, Expenses and Changes in Fund Net Position ♦Statement of Cash Flows	♦Statement of Fiduciary Net Position ♦Statement of Changes in fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resourses focus	Modified accrual accounting and current finanicalresouces focus	Accrual and economic resouces focus	Accrual and econmic resources focus
Type of asset/liability information	All assets and liabilties both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilties, both financial and captial, and short-term and long-term	All assets and liabilities, both short-term and long-term, the Academy's funds not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year of soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Academy's assets, deferred outflows of resource, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Overview of the Basic Financial Statements (Continued)

Government-Wide Statements (Continued)

- Over time, increases or decreases in the Academy's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy you need to consider additional non-financial factors such as changes in the Academy's creditworthiness and the condition of academy buildings and other facilities.

In the government-wide financial statements the Academy's activities are shown in one category:

Governmental Activities
Most of the Academy's basic services will be included here, such as regular and special education, transportation, and administration. State and federal aids as well as federal and foundation grants financed these activities.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The Academy may establish other funds to control and manage money for specific purposes.

The Academy has one kind of fund:

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

Financial Analysis of the Academy as a Whole

Net Position
The Academy's combined net position was ($1,744,084) on June 30, 2024 (See Table A-1).

Table A-1
The Academy's Net Position

	Governmental Activities		
	2024	2023	Change
Current and other assets	$ 6,929,573	$ 6,379,548	$ 550,025
Capital and noncurrent assets	10,513,157	10,748,589	(235,432)
Total assets	$ 17,442,730	$ 17,128,137	$ 314,593
Deferred outflow of resources	$ 1,593,130	$ 2,137,531	$ (544,401)
Current liabilities	$ 1,448,043	$ 1,344,001	$ 104,042
Noncurrent liabilities	18,343,158	19,288,947	(945,789)
Total liabilities	$ 19,791,201	$ 20,632,948	$ (841,747)
Deferred inflow of resources	$ 988,743	$ 1,108,761	$ (120,018)
Net position			
Net investment in capital assets	$ (879,872)	$ (875,247)	$ (4,625)
Restricted	1,286,182	903,958	382,224
Unrestricted	(2,150,394)	(2,504,752)	354,358
Total net position	$ (1,744,084)	$ (2,476,041)	$ 731,957

Financial Analysis of the Academy as a Whole (Continued)

Changes in Net Position

The Academy's total revenues were $11,507,690 for the period ended June 30, 2024. The majority of the revenues were from state/federal aids and the Community Service Fund, as well as federal grants, private grants, and investment earnings (See Table A-2.).

Table A-2 Changes in Net Position

	Governmental Activities		
	2024	2023	Change
Revenues			
Program revenues			
Charges for services	$ 957,022	$ 1,345,172	$ (388,150)
Operating grants and contributions	3,096,990	2,362,661	734,329
General revenues			
Unrestricted federal and state aid	7,232,586	6,799,868	432,718
Other	221,092	277,198	(56,106)
Total revenues	11,507,690	10,784,899	722,791
Expenses			
Administration	116,107	201,726	(85,619)
District support services	862,659	714,078	148,581
Regular instruction	4,235,430	3,736,100	499,330
Special education instruction	1,225,457	744,858	480,599
Instructional support services	497,757	430,867	66,890
Pupil support services	668,318	736,773	(68,455)
Sites and buildings	997,298	1,107,366	(110,068)
Fiscal and other fixed cost programs	55,664	45,467	10,197
Food service	671,772	396,447	275,325
Community service	690,778	767,791	(77,013)
Interest and fiscal charges on long term debt	772,961	784,196	(11,235)
Total expenses	10,794,201	9,665,669	1,128,532
Change in net position	713,489	1,119,230	(405,741)
Change in accounting principle	18,468	-	18,468
Net Position			
Beginning of year	(2,476,041)	(3,595,271)	1,119,230
End of year	$ (1,744,084)	$ (2,476,041)	$ 731,957

Total cost of all programs was $10,794,201. Revenues exceeded expenses in the amount of $713,489, resulting in end of the year net position of $(1,744,084).

Financial Analysis of the Academy as A Whole (Continued)

Figure A-3 Sources of Academy's Revenues for 2024

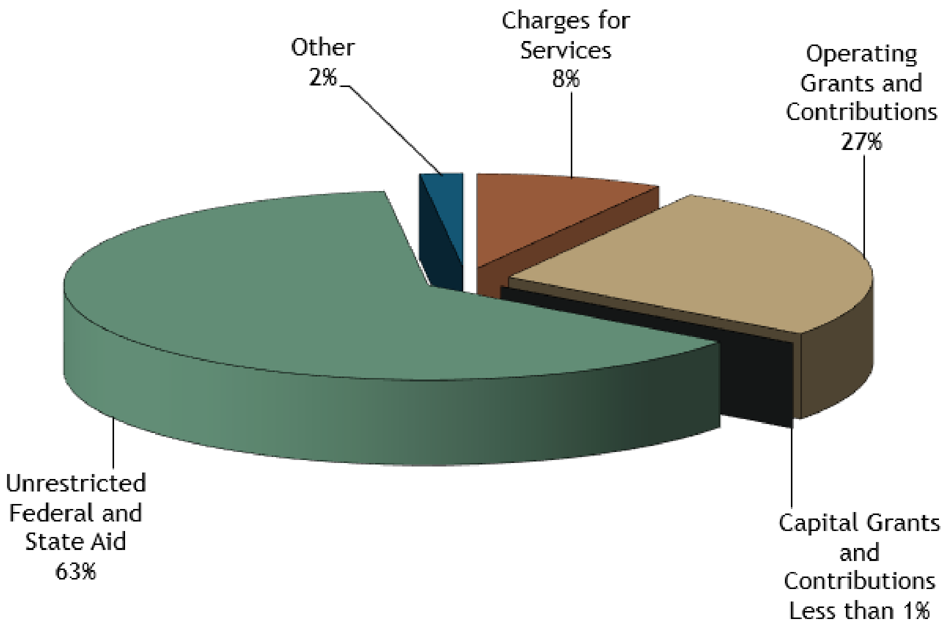
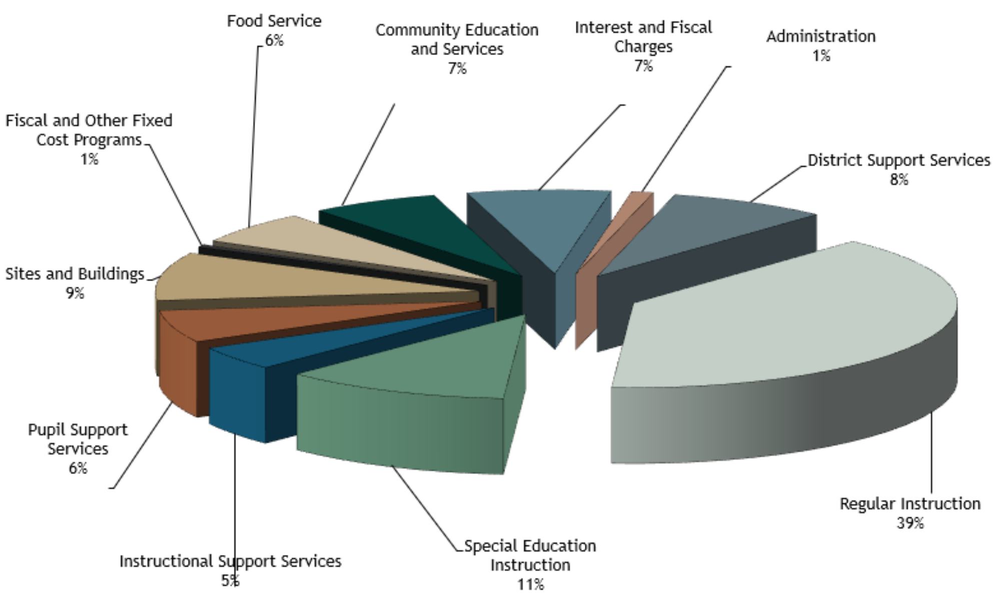


Figure A-4 Academy Expenses for 2024



Financial Analysis of the Academy as A Whole (Continued)

	Total Costs of Services 2024
Administration	$ 116,107
District support services	862,659
Regular instruction	4,235,430
Special education instruction	1,225,457
Instructional support services	497,757
Pupil support services	668,318
Sites and buildings	997,298
Fiscal and other fixed cost programs	55,664
Food service	671,772
Community education and services	690,778
Interest and fiscal charges on long term debt	772,961
Total	$ 10,794,201

In 2023-2024, the Academy enrolled 107 students in kindergarten, 319 students in grades 1-3, 240 students in grades 4-6, and 170 students in grades 7-8.

Financial Analysis of the Academy's Funds

The financial performance of the Academy as a whole is reflected in its governmental funds as well. As the Academy completed the year, its governmental funds reported a combined fund balance of $6,103,753.

General Fund

The General Fund includes the primary operations of the Academy in providing educational services to students from kindergarten through grade 8, including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

Table A-5
General Fund Revenues

	Year Ended June 30,		
	2024	2023	Change
Other local revenues	$ 291,896	$ 357,932	$ (66,036)
State sources	9,302,050	8,541,908	760,142
Federal sources	305,339	396,254	(90,915)
Total General Fund revenue	$ 9,899,285	$ 9,296,094	$ 603,191

General Fund (Continued)
Other revenue consists of private grant funding which is expenditure driven.

The following schedule presents a summary of General Fund expenditures. Of the total expenditures, about 65% were personnel salaries and benefits. Another 17% of total expenditures were purchased services to continue developing the educational program, provide facility and administrative services and direct services to students. Table A-6 below presents a summary of General Fund expenditures.

Table A-6
General Fund Expenditures

	Year Ended June 30, 2024	Year Ended June 30, 2023	Change
Salaries	$ 5,138,493	$ 4,641,325	$ 497,168
Employee benefits	1,210,391	1,059,863	150,528
Purchased services	1,697,765	1,639,745	58,020
Supplies and materials	319,867	322,965	(3,098)
Capital expenditures	1,351,760	1,412,217	(60,457)
Other expenditures	40,265	40,329	(64)
Total expenditures	$ 9,758,542	$ 9,116,444	$ 642,098

In 2023-2024, General Fund revenues exceeded expenditures by $140,743 increasing the fund balance to $2,860,982.

General Fund Budgetary Highlights
Following approval of the budget, the Academy can revise the annual operating budget in mid-year. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior year.
- Legislation passes subsequent to budget adoption, changes necessitated by employment agreements and increases in appropriations for significant unbudgeted costs.

Capital Asset and Debt Administration

Capital Assets

By the end of 2024, the Academy had invested $14,052,330 in capital assets, including land, building and improvements, computers, equipment, and furniture (See Table A-7). More detailed information about capital assets can be found in Note 3 to the basic financial statements. Total depreciation expense for the year was $410,773.

Table A-7
Capital Assets

	2024	2023
Land	$ 1,000,000	$ 1,000,000
Furniture and equipment	1,230,190	1,075,923
Leasehold improvements	3,925	3,925
Building and improvements	11,818,215	11,785,906
Total capital assets	14,052,330	13,865,754
Less accumulated depreciation	(3,539,173)	(3,117,165)
Total	$ 10,513,157	$ 10,748,589

Long-Term Liabilities

At year-end, the Academy had bonds payable and related unamortized premium outstanding. More detailed information about long-term liabilities can be found in Note 5 to the basic financial statements.

Table A-8
Outstanding Long-Term Liabilities

	2024	2023
Bond payable	$ 12,890,000	$ 13,115,000
Bond premium payable	139,379	145,186
Total	$ 13,029,379	$ 13,260,186

Other Major Funds

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining fund balance, the Food Service and Community Service Funds are operating on a sound financial basis.

Factors Bearing on the Academy's Future

The Academy is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The Academy will strive to meet its commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

Contacting the Academy's Financial Management

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Yinghua Academy Charter School, 1616 Buchanan Avenue NE, Minneapolis, Minnesota 55413.

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BASIC FINANCIAL STATEMENTS

Yinghua Academy
Charter School No. 4140
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash	$ 3,231,318
Cash with fiscal agent	2,226,948
Due from Department of Education	1,267,554
Due from Federal Government through Department of Education	184,458
Prepaid items	19,295
Capital assets	
Land	1,000,000
Furniture and equipment	1,230,190
Leasehold improvements	3,925
Building and improvements	11,818,215
Less accumulated depreciation	(3,539,173)
Total assets	17,442,730
Deferred Outflows of Resources	
Deferred outflows related to pensions	1,593,130
Total assets and deferred outflows of resources	$ 19,035,860
Liabilities	
Accounts payable	$ 198,661
Salaries and benefits payable	591,505
Interest payable	387,223
Unearned revenue	35,654
Bonds payable	
Payable within one year	235,000
Payable after one year	12,794,379
Net pension liability	5,548,779
Total liabilities	19,791,201
Deferred Inflows of Resources	
Deferred inflows related to pensions	988,743
Net Position	
Net investment in capital assets	(879,872)
Restricted for	
Building company	901,551
Other purposes	384,631
Unrestricted	(2,150,394)
Total net position	(1,744,084)
Total liabilities, deferred inflows of resources, and net position	$ 19,035,860

Yinghua Academy
Charter School No. 4140
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 116,107	$ -	$ -	$ -	$ (116,107)
District support services	862,659	-	-	-	(862,659)
Regular instruction	4,235,430	157,387	122,615	-	(3,955,428)
Special education instruction	1,225,457	250	1,125,832	-	(99,375)
Instructional support services	497,757	-	20,000	-	(477,757)
Pupil support services	668,318	-	20,000	-	(648,318)
Sites and buildings	997,298	-	1,143,482	-	146,184
Fiscal and other fixed cost programs	55,664	-	-	-	(55,664)
Food service	671,772	23,544	665,061	-	16,833
Community education and services	690,778	775,841	-	-	85,063
Interest and fiscal charges on long-term debt	772,961	-	-	-	(772,961)
Total governmental activities	$ 10,794,201	$ 957,022	$ 3,096,990	$ -	(6,740,189)
General revenues					
State aid-formula grants					7,232,586
Other general revenues					82,178
Investment income					138,914
Total general revenues					7,453,678
Change in net position					713,489
Net position - beginning					(2,476,041)
Change in accounting principle (Note 9)					18,468
Net position - beginning, restated					(2,457,573)
Net position - ending					$ (1,744,084)

See notes to basic financial statements.

Yinghua Academy
Charter School No. 4140
Balance Sheet - Governmental Funds
June 30, 2024

	General	Food Service	Community Service	Building Company	Total Governmental Funds
Assets					
Cash	$ 2,326,601	$ 36,722	$ 273,107	$ 594,888	$ 3,231,318
Cash with fiscal agent	-	-	-	2,226,948	2,226,948
Due from Department of Education	1,257,729	9,825	-	-	1,267,554
Due from Federal Government through Department of Education	123,927	60,531	-	-	184,458
Due from other funds	-	-	-	106,438	106,438
Prepaid items	19,295	-	-	-	19,295
Total assets	$ 3,727,552	$ 107,078	$ 273,107	$ 2,928,274	$ 7,036,011
Liabilities					
Accounts payable	$ 168,627	$ 15,918	$ 10,966	$ 3,150	$ 198,661
Salaries and benefits payable	591,505	-	-	-	591,505
Due to other funds	106,438	-	-	-	106,438
Unearned revenue	-	-	35,654	-	35,654
Total liabilities	866,570	15,918	46,620	3,150	932,258
Fund Balances					
Nonspendable	19,295	-	-	-	19,295
Restricted	66,984	91,160	226,487	2,925,124	3,309,755
Unassigned	2,774,703	-	-	-	2,774,703
Total fund balances	2,860,982	91,160	226,487	2,925,124	6,103,753
Total liabilities, deferred inflows of resources, and fund balances	$ 3,727,552	$ 107,078	$ 273,107	$ 2,928,274	$ 7,036,011

See notes to basic financial statements.

Yinghua Academy
Charter School No. 4140
Reconciliation of the Balance Sheet to the
Statement of Net Position - Governmental Funds
June 30, 2024

Total fund balances - governmental funds	$ 6,103,753
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	14,052,330
Less accumulated depreciation	(3,539,173)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(12,890,000)
Unamortized premium on bonds payable	(139,379)
Net pension liability	(5,548,779)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	1,593,130
Deferred inflows of resources related to pensions	(988,743)
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(387,223)
Total net position - governmental activities	$ (1,744,084)

Yinghua Academy
Charter School No. 4140
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General	Food Service	Community Service	Building Company	Total Governmental Funds
Revenues					
Other local revenues	$ 291,896	$ -	$ 775,841	$ 1,370,372	$ 2,438,109
Revenue from state sources	9,302,050	398,984	-	-	9,701,034
Revenue from federal sources	305,339	266,077	-	-	571,416
Sales and other conversion of assets	-	23,544	-	-	23,544
Total revenues	9,899,285	688,605	775,841	1,370,372	12,734,103
Expenditures					
Current					
Administration	114,054	-	-	-	114,054
District support services	838,787	-	-	-	838,787
Regular instruction	4,397,621	-	-	-	4,397,621
Special education instruction	1,271,569	-	-	-	1,271,569
Instructional support services	509,760	-	-	-	509,760
Pupil support services	671,018	-	-	-	671,018
Sites and buildings	1,818,845	-	-	88,167	1,907,012
Fiscal and other fixed cost programs	55,664	-	-	-	55,664
Food service	-	661,303	-	-	661,303
Community education and services	-	-	682,727	-	682,727
Capital outlay					
District support services	36,069	-	-	-	36,069
Regular instruction	31,501	-	-	-	31,501
Sites and buildings	13,654	-	-	57,968	71,622
Food service	-	25,645	-	-	25,645
Debt service					
Principal	-	-	-	225,000	225,000
Interest	-	-	-	784,350	784,350
Total expenditures	9,758,542	686,948	682,727	1,155,485	12,283,702
Net change in fund balances	140,743	1,657	93,114	214,887	450,401
Fund Balances					
Beginning of year	2,720,239	89,503	133,373	2,710,237	5,653,352
End of year	$ 2,860,982	$ 91,160	$ 226,487	$ 2,925,124	$ 6,103,753

Yinghua Academy
Charter School No. 4140
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended June 30, 2024

Net change in fund balances - total governmental funds	$	450,401
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay is reported in governmental funds as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreication expense.		
Capital outlay		156,873
Depreciation expense		(410,773)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.		225,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activitiees, however, interest expense is recognized as the interest accrues, regardless of when it is due.		5,582
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		280,599
Governmental funds report the effects of bond premiums, discounts and issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		5,807
Change in net position - governmental activities	$	713,489

Yinghua Academy
Charter School No. 4140
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Over (Under)
Revenues				
Other local revenues	$ 316,736	$ 316,736	$ 291,896	$ (24,840)
Revenue from state sources	8,966,022	9,332,673	9,302,050	(30,623)
Revenue from federal sources	150,704	184,420	305,339	120,919
Total revenues	9,433,462	9,833,829	9,899,285	65,456
Expenditures				
Current				
Administration	114,060	114,060	114,054	(6)
District support services	841,479	846,479	838,787	(7,692)
Regular instruction	4,666,468	4,991,785	4,397,621	(594,164)
Special education instruction	753,403	753,403	1,271,569	518,166
Instructional support services	491,161	498,552	509,760	11,208
Pupil support services	660,446	724,706	671,018	(53,688)
Sites and buildings	1,790,761	1,791,929	1,818,845	26,916
Fiscal and other fixed cost programs	45,000	56,000	55,664	(336)
Capital outlay				
District support services	25,000	25,000	36,069	11,069
Regular instruction	25,000	25,000	31,501	6,501
Sites and buildings	12,049	22,049	13,654	(8,395)
Total expenditures	9,424,827	9,848,963	9,758,542	(90,421)
Net change in fund balance	$ 8,635	$ (15,134)	140,743	$ 155,877
Fund Balance				
Beginning of year			2,720,239	
End of year			$ 2,860,982	

Yinghua Academy
Charter School No. 4140
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget And Actual - Food Service Fund
Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Revenue from state sources	$ 226,154	$ 308,000	$ 398,984	$ 90,984
Revenue from federal sources	100,000	100,000	266,077	166,077
Sales and other conversion of assets	-	-	23,544	23,544
Total revenues	326,154	408,000	688,605	280,605
Expenditures				
Current				
Food service	326,154	408,000	661,303	253,303
Capital outlay				
Food service	-	-	25,645	25,645
Total expenditures	326,154	408,000	686,948	278,948
Net change in fund balance	$ -	$ -	1,657	$ 1,657
Fund Balance				
Beginning of year			89,503	
End of year			$ 91,160	

Yinghua Academy
Charter School No. 4140
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Service Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Other local revenues	$ 521,212	$ 790,995	$ 775,841	$ (15,154)
Expenditures				
Current				
Community education and services	499,546	768,329	682,727	(85,602)
Total expenditures	499,546	768,329	682,727	(85,602)
Net change in fund balance	$ 21,666	$ 22,666	93,114	$ 70,448
Fund Balance				
Beginning of year			133,373	
End of year			$ 226,487	

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Academy is a nonprofit corporation that was formed and began operating in June 2004, as Harriet Bishop Academy, in accordance with *Minnesota Statutes* § 317A. The Academy subsequently changed its name to Yinghua Academy. The Academy is sponsored by Friends of Education. The Academy is a public school which served grades K-8. The mission of the Academy is to provide a challenging and comprehensive learning environment that will nurture the students' natural inquisitiveness and will prepare them to be engaged and productive global citizens. The governing body consists of a Board of Directors composed of a Chairperson, Treasurer, Secretary, and such other members.

A. Reporting Entity

The financial statements present the Academy and its component units. The Academy includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the appointed officials of the Academy are financially accountable and are included within the basic financial statements of the Academy because of the significance of their operational or financial relationships with the Academy.

The Academy is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Academy.

As a result of applying the component unit definition criteria above, it has been determined a certain organization has been defined and is presented in this report as follows:

Blended Component Units – Reported as if they were part of the Academy.

1. Blended Component Unit

YBC, Inc. meets the criteria to be included as a blended component unit in the basic financial statements. Separate basic financial statements are not prepared for the organization.

YBC, Inc. was organized to operate exclusively in support of the Academy and in particular to purchase, own and/or construct a schoolhouse for lease to the Academy. The component unit's total debt outstanding is expected to be repaid entirely with resources of the Academy. Repayment generally occurs through a rent payment by the Academy to the building company that in turn, pledges those payments as the primary source of repayment for its debt.

Aside from its sponsorship, Friends of Education has no authority, control, power, or administrative responsibilities over the Academy. Therefore, the Academy is not considered a component unit of Friends of Education.

Any student activities of the Academy are under board control and are accounted for in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Academy.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

Revenue is recognized when it becomes 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 be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. An exception to this general rule are that interest and principal expenditures in the Building Company Fund are recognized when payment is due.

The Academy applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the Academy applies unrestricted funds in this order if various levels of unrestricted fund balance exist, committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:
As required by state statute, the Academy operates as a nonprofit corporation under *Minnesota Statutes* § 317A. However, state law also requires the Academy comply with Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota School Districts which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Descriptions of the funds included in this report are listed below.

Major Funds:

General Fund – This fund is the basic operating fund of the Academy and is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This fund is used to account for before and after school program revenues and expenditures.

Building Company Fund – This fund is used to account for financial activity of the building company, including resources used for the acquisition or construction of major capital facilities authorized by bond issue and payment of, general obligation (G.O.) bonds, interest, and related costs.

D. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

Cash and investments at June 30, 2024, were comprised of deposits and brokered money markets.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes the Academy to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements.

Capital assets are defined by the Academy as assets with an initial individual cost of more than $500. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the half-year straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the Academy, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 5 to 20 years for furniture and equipment and 39 years for buildings.

Capital assets not being depreciated include land. The Academy does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Academy has one item that qualifies for reporting in this category. A deferred outflow of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one item which qualifies for reporting in this category. A deferred inflow of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

H. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences
Certain Academy employees earn paid leave time (PLT). Academy employees may not carryover PLT to subsequent years so, at June 30, 2024, no liability exists.

J. Pensions
For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

K. Risk Management
The Academy is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the Academy carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the Academy's insurance coverage during the year ending June 30, 2024.

L. Fund Equity

1. Classification
In the fund financial statements, the governmental fund report fund classifications that comprise a hierarchy based primarily on the extent to which the Academy is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Trustees (highest level of decision-making authority) through resolution are classified as committed fund balances. Amounts that are constrained by the Academy's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

2. Minimum Fund Balance
At June 30, 2024, the Academy's policy is to maintain a minimum unassigned General Fund balance of 25% of the annual budget.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Use of Estimates

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

O. Tax Status

The Academy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy is also exempt from Minnesota Franchise or income tax.

The Academy is required to assess whether an uncertain tax position exists and if there should be recognition of a related benefit or liability in the financial statements. The Academy has determined there are not amounts to record as assets or liabilities related to uncertain tax positions.

P. Budgetary Information

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

1. Prior to July 1, the Director of Academy submits to the Academy's Board of Directors, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
3. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Budgets are as originally adopted or as amended by the Academy's Board of Directors. Budgeted expenditure appropriations lapse at year-end.

NOTE 2– DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the Academy maintains deposits at depository banks authorized by the Academy's Board of Directors.

NOTE 2– DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits: This is the risk that, in the event of the failure of a depository financial institution, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy's policy states that full collateralization is required on all demand deposit accounts exceeding FDIC coverage. As of June 30, 2024, the Academy's bank balance was not exposed to custodial credit risk as it was adequately secured by FDIC and collateral pledged to the Academy.

Deposits are presented in the Statement of Net Position at June 30, 2024, is as follows:

Cash	$ 3,231,318

B. Investments

Investments at June 30, 2024, were comprised of $2,226,948 in Wells Fargo Treasury Money Market.

Interest Rate Risk: This is the risk that the market values of securities in a portfolio would decrease due to changes in market interest rate. The Academy's investment policy states that investments maturities shall be scheduled to coincide with projected cash flow needs. Maturities for short-term and long-term investments shall be timed according to anticipated need. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity.

Credit Risk: This is the risk an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* §§ 118A.04 and 118A.05 limit investments that are in the top two ratings issued by national recognized statistical rating organizations. According to the Academy's investment policy, the Academy may only invest in funds specified by Minnesota State Statue.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The Academy's investment policy states that the Academy shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the Academy will not be able to recover the value of its interments or collateral securities that in the possession of an outside party. The Academy's investment policy requires all investments to be held in third-party safekeeping by an institution designated as a custodial agent. The custodial agent may be any Federal Reserve Bank, any bank authorized under the laws of the United States, or any state to exercise corporate trust powers, a primary reporting dealer in the United States Government securities to the Federal Reserve Bank of New York, or a securities broker-deal defined by Minnesota State Statue.

NOTE 2– DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments

The following is a summary of total deposits and investments:

Academy Governmental Funds	
Deposits	$ 3,231,318
Investments	2,226,948
Total deposits and investments	$ 5,458,266

Deposits and investments are presented in the June 30, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	$ 3,231,318
Cash with fiscal agent	2,226,948
Total deposits and investments	$ 5,458,266

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Accounting Change	Increases	Decreses	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Total capital assets not being depreciated	1,000,000	-	-	-	1,000,000
Capital assets being depreciated					
Furniture and equipment	1,075,923	29,703	124,564	-	1,230,190
Leasehold improvements	3,925	-	-	-	3,925
Building and improvements	11,785,906	-	32,309	-	11,818,215
Total capital assets being depreciated	12,865,754	29,703	156,873	-	13,052,330
Less acumulated depreciation for					
Furniture and equipment	707,220	11,235	99,039	-	817,494
Leasehold improvements	18,354	-	5,678	-	24,032
Building and improvements	2,391,591	-	306,056	-	2,697,647
Total accumulated depreciation	3,117,165	11,235	410,773	-	3,539,173
Total capital assets being depreciated, net	9,748,589	18,468	(253,900)	-	9,513,157
Governmental activities, capital assets, net	$ 10,748,589	$ 18,468	$ (253,900)	$ -	$ 10,513,157

See Note 9 for an explanation on the accounting change.

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2024, was charged to the following functions:

District support services	$ 9,581
Regular instruction	56,372
Special education	969
Food service	1,909
Community service	9,994
Site and buildings	331,948
Total depreciation expense	$ 410,773

NOTE 4 – INTERFUND ACTIVITY

A. Due To/From Other Funds

As of June 30, 2024, the amount due from the General Fund to the Building Company is $106,438. The amount is additional lease revenue owed to the Building Company.

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
Charter School Lease Revenue Bonds, 2013A	06/25/13	5.000% -6.125 %	$ 14,135,000	07/01/48	$ 12,890,000	$ 235,000
Bond premium					139,379	-
Total long-term liabilities					$ 13,029,379	$ 235,000

The long-term bonds listed above were issued to finance acquisition and construction of capital facilities.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds and Loans

Minimum annual principal and interest payments required to retire bond liabilities:

Year Ending	Charter School Lease Revenue Bonds		
June 30,	Principal	Interest	Total
2025	$ 235,000	$ 771,675	$ 1,006,675
2026	250,000	757,125	1,007,125
2027	265,000	741,675	1,006,675
2028	280,000	725,325	1,005,325
2029	295,000	708,075	1,003,075
2030-2034	1,775,000	3,241,875	5,016,875
2035-2039	2,365,000	2,625,375	4,990,375
2040-2044	3,165,000	1,801,875	4,966,875
2045-2048	4,260,000	682,938	4,942,938
Total	$ 12,890,000	$ 12,055,938	$ 24,945,938

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. bonds	$ 13,115,000	$ -	$ 225,000	$ 12,890,000
Bond premium	145,186	-	5,807	139,379
Total long-term liabilities	$ 13,260,186	$ -	$ 230,807	$ 13,029,379

NOTE 6 – FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

NOTE 6 – FUND BALANCES (CONTINUED)

Fund Equity
Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General Fund	Food Service	Community Service	Building Company	Total
Nonspendable					
Prepaid Items	$ 19,295	$ -	$ -	$ -	$ 19,295
Restricted/reserved for					
Literacy Incentive Aid	66,984	-	-	-	66,984
Food Service	-	91,160	-	-	91,160
Community Service	-	-	226,487	-	226,487
Building Company	-	-	-	2,925,124	2,925,124
Total restricted	66,984	91,160	226,487	2,925,124	3,309,755
Unassigned	2,774,703	-	-	-	2,774,703
Total fund balance	$ 2,860,982	$ 91,160	$ 226,487	$ 2,925,124	$ 6,103,753

Nonspendable balances represent balances already spent relating to prepaid items.

Restricted/Reserved for Literacy Incentive Aid – This balance represents the resources available to support implementation of evidence-based reading instruction.

Restricted for Food Service – This balance represents the positive fund balance of the Food Service Fund.

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund.

Restricted for Building Company – This balance represents the positive fund balance of the Building Company Fund.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The Academy participates in various pension plans. Total pension expense for the year ended June 30, 2024, was $195,920. The components of pension expense are noted in the following plan summaries.

The General Fund, Food Service Fund, and Community Service Fund typically liquidate the liability related to pensions.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association

A. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes* Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by Minnesota State.

B. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by *Minnesota Statutes* and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Or

Tier 1 Benefits (Continued)
For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under *Minnesota Statutes*. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Tier II Benefits
Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contribution Rate
Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2022, June 30, 2023, and June 30, 2024, were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0 %	12.34 %	11.0 %	12.50 %	11.3 %	12.75 %
Coordinated	7.5	8.34	7.5	8.55	7.8	8.75

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in *Schedule of Employer and Non-Employer Pension Allocations*. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	$	508,764
Employer contributions not related to future contribution efforts		(87)
TRA's contributions not included in allocation		(643)
Total employer contributions		508,034
Total non-employer contributions		35,587
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$	543,621

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement RP	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	100.0 %	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is five years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2024, the Academy reported a liability of $4,458,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. Academy proportionate share was 0.0540% at the end of the measurement period and 0.0599% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the Academy as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of net pension liability	$ 4,458,361
State's proportionate share of the net pension liability associated with the Academy	312,396

For the year ended June 30, 2024, the Academy recognized pension expense of $39,096 Included in this amount, the Academy recognized $43,988 as pension expense for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2024, the Academy had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,384	$ 68,482
Net difference between projected and actual earnings on plan investments	-	66,065
Changes in assumptions	609,719	-
Changes in proportion	229,339	495,815
Academy's contribution to TRA subsequent to the measurement date	311,215	-
Total	$ 1,199,657	$ 630,362

The $311,215 reported as deferred outflows of resources related to pensions resulting from Academy contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30, 2024	Pension Expense Amount
2024	$ 71,731
2025	(79,624)
2026	511,439
2027	(158,564)
2028	(86,902)
Total	$ 258,080

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity
The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

Academy Proportionate Share of NPL		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
$ 7,110,758	$ 4,458,361	$ 2,287,051

The Academy's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position
Detailed information about the plan's fiduciary net position is available in a separately issued TRA financial report. That can be obtained at www.minnesotatra.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Public Employees' Retirement Association

A. Plan Description
The Academy participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356. PERA's defined benefit pension plan is tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part time employees of the Academy. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided
PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1 the annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions
Minnesota Statutes Chapter 353 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024 and the Academy was required to contribute 7.5% for Coordinated Plan members. The Academy's contributions to the General Employees Fund for the year ended June 30, 2024, were $121,181. The Academy's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Plan Pension Costs

At June 30, 2024, the Academy reported a liability of $1,090,418 for its proportionate share of the General Employees Fund's net pension liability. The Academy's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Academy totaled $30,003.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Plan Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportionate share of the net pension liability was based on the Academy's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The Academy's proportionate share was 0.0195% at the end of the measurement period and 0.0184% for the beginning of the period.

Academy's proportionate share of net pension liability	$ 1,090,418
State of Minnesota's proportionate share of the net pension liability associated with the Academy	30,003
Total	$ 1,120,421

For the year ended June 30, 2024, the Academy recognized pension expense of $156,824 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the Academy recognized $135 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.
At June 30, 2024, the Academy reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 35,324	$ 6,934
Changes in actuarial assumptions	163,088	298,874
Net difference between projected and actual investment earnings	-	34,587
Changes in proportion	73,880	17,986
Academy's contributions to GERF subsequent to the measurement date	121,181	-
Total	$ 393,473	$ 358,381

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Plan Pension Costs (Continued)

The $121,181 reported as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2025	$ 28,772
2026	(130,567)
2027	39,360
2028	(23,654)
Total	$ (86,089)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class.

These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	33.5 %	5.10 %
International Stocks	16.5	5.30
Bonds	25.0	0.75
Alternative Assets	25.0	5.90
Total	100.0 %	

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

The following table presents the Academy's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Academy's proportionate share of the PERA net pension liability	$ 1,929,037	$ 1,090,418	$ 400,622

I. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 8 – COMMITMENTS

Lease Commitments and Terms

For 2024, the Academy qualified for state charter school lease aid which equaled the lesser of 90% of the approved lease cost or $1,460 per pupil units served, or $1,143,482.

The Academy's ability to make payments under the lease agreement is dependent on its revenues which are in turn, largely dependent on sufficient enrollment being served at the Academy and sufficient state aids per student being authorized and received from the State of Minnesota. The Academy believes its enrollments and aid entitlements will be sufficient to meet the lease obligations as they become due.

On June 25, 2013, the Academy (Lessee) signed a lease for educational space with Educational Properties Yinghua, LLC (Lessor), in Minneapolis, Minnesota. In April of 2017, Educational Properties Yinghua, LLC was assumed by YBC, Inc. YBC, Inc. became the Lessor, and the terms of the lease did not change. The term of the lease agreement covers periods through June 30, 2053. Beginning on July 1, 2014, the annual base rent will be the greater of (1) an amount equivalent to (A) 1.0x of Landlord's annual debt service (plus issuer, trustee and rating agency fees) if a Certificate of Occupancy has not been obtained for the new addition, or (B) if a Certificate of Occupancy for the new addition has been obtained, 1.1x of Landlord's annual debt service or (2) the maximum amount. The Academy is also responsible for all operating costs associated with all utilities, water, sewer, garbage removal, telecommunication, janitorial, cleaning, maintenance, repairs, replacements, landscaping, snow removal, and all other costs of operating the premises. Payments under the lease began on July 5, 2013, for the period beginning July 1, 2013. For 2024, minimum rental payments of $97,008 were due on a monthly basis.

NOTE 9 – ACCOUNTING CHANGE

The Governmental Accounting Standards Board (GASB) has issued Implementation Guide No. 2021-1, Implementation Guidance Update - 2021. The implementation guide contains new questions and answers that address the application of GASB standards. The guide also amends certain questions and answers issued in previous implementation guides. The answer to Question 5.1 in Implementation Guide 2021-1 has been amended to state that a government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant.

The Academy had an adjustment to capital assets of $18,468 to account for the standard required to capitalize grouped assets from prior periods.

Net position June 30, 2023, as previously stated	$ (2,476,041)
Change in accounting principle	18,468
Net position June 30, 2023, as restated	$ (2,457,573)

REQUIRED SUPPLEMENTARY INFORMATION

Yinghua Academy
Schedule of Academy's and Non-Employer Proportionate Share
(if applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Plan's Fiscal Year Ended June 30,	Academy's Proportion of the Net Pension Liability (Asset)	Academy's Proportionate Share of the Net Pension Liability (Asset)	Academy's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability and Academy's Share of the State of Minnesota's Share of the Net Pension of Liability	Academy's Covered Employee Payroll	Academy's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0170%	$ 798,575	$ -	$ 798,575	$ 891,779	89.55%	78.75%
2015	0.0170%	881,028	-	881,028	983,960	89.54%	78.19%
2016	0.0182%	1,477,750	19,261	1,497,011	1,127,880	131.02%	68.91%
2017	0.0182%	1,161,876	14,600	1,176,476	1,171,693	99.16%	75.90%
2018	0.0195%	1,081,780	35,414	1,117,194	1,309,187	82.63%	79.53%
2019	0.0199%	1,100,226	34,165	1,134,391	1,405,507	78.28%	80.23%
2020	0.0192%	1,151,128	35,511	1,186,639	1,369,920	84.03%	79.06%
2021	0.0180%	768,681	23,411	792,092	1,293,853	59.41%	87.00%
2022	0.0184%	1,457,286	42,860	1,500,146	1,380,533	105.56%	76.67%
2023	0.0195%	1,090,418	30,003	1,120,421	1,549,747	70.36%	83.10%

Schedule of Academy's and Non-Employer Proportionate Share
of Net Pension Liability
TRA Retirement Fund

For Plan's Fiscal Year Ended June 30,	Academy's Proportion of the Net Pension Liability (Asset)	Academy's Proportionate Share of the Net Pension Liability (Asset)	Academy's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability and Academy's Share of the State of Minnesota's Share of the Net Pension Liability	Academy's Covered Employee Payroll	Academy's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0338%	$ 1,557,480	$ 109,634	$ 1,667,114	$ 1,544,770	100.8%	81.50%
2015	0.0389%	2,406,350	295,355	2,701,705	1,974,467	121.9%	76.80%
2016	0.0414%	9,874,888	992,150	10,867,038	2,155,693	458.1%	44.88%
2017	0.0494%	9,861,136	953,678	10,814,814	2,657,507	371.1%	51.57%
2018	0.0514%	3,228,401	303,160	3,531,561	2,838,800	113.7%	78.07%
2019	0.0580%	3,696,932	326,997	4,023,929	3,292,127	112.3%	78.21%
2020	0.0605%	4,469,821	374,755	4,844,576	3,514,129	127.2%	75.48%
2021	0.0634%	2,774,574	233,844	3,008,418	3,796,359	73.1%	86.63%
2022	0.0599%	4,796,475	355,860	5,152,335	3,704,245	129.5%	76.17%
2023	0.0540%	4,458,361	312,396	4,770,757	3,433,251	129.9%	76.42%

Yinghua Academy
Schedule of Academy Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 73,797	$ 73,797	$ -	$ 983,960	7.50%
2016	84,591	84,591	-	1,127,880	7.50%
2017	87,877	87,877	-	1,171,693	7.50%
2018	98,189	98,189	-	1,309,187	7.50%
2019	105,413	105,413	-	1,405,507	7.50%
2020	102,744	102,744	-	1,369,920	7.50%
2021	97,039	97,039	-	1,293,853	7.50%
2022	103,540	103,540	-	1,380,533	7.50%
2023	116,231	116,231	-	1,549,747	7.50%
2024	121,181	121,181	-	1,615,747	7.50%

Schedule of Academy Contributions
TRA Retirement Fund
Last Ten Year

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$ 148,085	$ 148,085	$ -	$ 1,974,467	7.50%
2016	161,677	161,677	-	2,155,693	7.50%
2017	199,313	199,313	-	2,657,507	7.50%
2018	212,910	212,910	-	2,838,800	7.50%
2019	253,823	253,823	-	3,292,127	7.71%
2020	278,319	278,319	-	3,514,129	7.92%
2021	308,644	308,644	-	3,796,359	8.13%
2022	308,934	308,934	-	3,704,245	8.34%
2023	293,543	293,543	-	3,433,251	8.55%
2024	311,215	311,215	-	3,639,942	8.55%

TRA Retirement Fund

2023 Changes
Changes of Benefit Terms
The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:
- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

2022 Changes
Changes in Actuarial Assumptions
- None

2021 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes
Changes in Actuarial Assumptions
- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes
Changes in Actuarial Assumptions
- None

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 7.5% from 5.12%.
- The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

TRA Retirement Fund (Continued)

2018 Changes (Continued)
Changes in Actuarial Assumptions (Continued)
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 5.12% from 4.66%.
- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Actuarial Assumptions
- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.

TRA Retirement Fund (Continued)

2016 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes
Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

General Employees Fund

2023 Changes
Changes in Actuarial Assumptions
- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions
- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions
- There were no changes in plan provisions since the previous valuation.

2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

General Employees Fund (Continued)

2020 Changes (Continued)
Changes in Actuarial Assumptions (Continued)
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions
- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. This does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

General Employees Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

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SUPPLEMENTARY INFORMATION

Yinghua Academy
Charter School No. 4140
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2024

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 9,899,285	$ 9,899,286	$ (1)
Total expenditures	9,758,542	9,758,542	-
Nonspendable:			
4.60 Nonspendable fund balance	19,295	19,295	-
Restricted/reserved:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.03 Staff Development	-	-	-
4.05 Deferred Maintenance	-	-	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Programs	-	-	-
4.09 Alternative Facility Program	-	-	-
4.12 Literacy Incentive Aid	66,984	66,984	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	-	-	-
4.20 American Indian Education Aid	-	-	-
4.24 Operating Capital	-	-	-
4.26 $25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning and Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alternative Programs	-	-	-
4.36 State Approved Alternative Program	-	-	-
4.38 Gifted and Talented	-	-	-
4.39 English Learner	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.43 School Library Aid	-	-	-
4.45 Career Technical Programs	-	-	-
4.46 First Grade Preparedness	-	-	-
4.48 Achievement and Integration Revenue	-	-	-
4.49 Safe School Revenue	-	-	-
4.51 QZAB payments	-	-	-
4.52 OPED Liabilities not Held in Trust	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-
4.59 Basic Skills Extended Time	-	-	-
4.71 Student Support Personnel Aid	-	-	-
Restricted:			
4.72 Medical Assistance	-	-	-
4.64 Restricted fund balance	-	-	-
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Committed:			
4.18 Committed for separation	-	-	-
4.61 Committed for separation	-	-	-
Assigned:			
4.62 Assigned fund balance	-	-	-
Unassigned:			
4.22 Unassigned fund balance	2,774,703	2,774,705	(2)
02 FOOD SERVICES FUND			
Total revenue	$ 688,605	$ 688,604	$ 1
Total expenditures	686,948	686,949	(1)
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	91,160	91,160	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 775,841	$ 775,841	$ -
Total expenditures	682,727	682,728	(1)
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	-	-	-
4.32 ECFE	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.44 School Readiness	-	-	-
4.47 Adult Basic Education	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	226,487	226,487	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.07 Capital Projects Levy	-	-	-
4.09 Alternative Facility Program	-	-	-
4.13 Building Projects Funded By COP/LP	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.25 Bond refunding	-	-	-
4.33 Maximum effort loan aid	-	-	-
4.51 QZAB payments	-	-	-
4.67 LTFM	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.22 Net position	-	-	-
18 CUSTODIAL			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.48 Achievement and Integration	-	-	-
4.64 Restricted	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
25 OPEB REVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
47 OPEB DEBT SERVICE			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

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*

Independent Auditor's Report

To the Board of Directors
Yinghua Academy
Minneapolis, Minnesota

We have audited, in accordance with the 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 each major fund of Yinghua Academy, Minneapolis, Minnesota, as of and for the year ending June 30, 2024, and the related notes to basic financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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 may exist that have not been identified.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bergan KDV Ltd.

St. Cloud, Minnesota
November 18, 2024

Minnesota Legal Compliance

Independent Auditor's Report

To the Board of Directors
Yinghua Academy
Minneapolis, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Yinghua Academy, Minneapolis, Minnesota, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 18, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Academy failed to comply with the provisions of the charter schools and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Academy's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Bergan KDV Ltd.

St. Cloud, Minnesota
November 18, 2024