

# ISTHMUS MONTESSORI ACADEMY, INC.

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**Financial Statements  
& Supplementary Information**

**For the Years Ended  
July 31, 2025 and 2024**

# ISTHMUS MONTESSORI ACADEMY, INC.

## Table of Contents

July 31, 2025 and 2024

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 13
<b>Supplementary Information</b>	
Schedule of Revenues and Expenses	14
<b>Additional Reports</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 – 16
Independent Auditors' Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the <i>Wisconsin Department     of Public Instruction</i>	17 – 19
<b>Federal and State Awards Section</b>	
Schedule of Expenditures of Federal Awards	20
Schedule of State Financial Assistance	21
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	22
Schedule of Findings and Responses	23 – 26
Summary Schedule of Prior Audit Findings	27
Corrective Action Plan	28

## Independent Auditors' Report

To the Board of Directors  
Isthmus Montessori Academy, Inc.  
Madison, Wisconsin

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Isthmus Montessori Academy, Inc. (Academy), which comprise the statements of financial position as of July 31, 2025 and 2024 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Isthmus Montessori Academy, Inc. as of July 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Isthmus Montessori Academy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, schedule of state financial assistance and schedule of revenue and expenses, as required by Wisconsin Department of Public Instruction, are presented for purposes of additional analysis and are not a required part of the 2025 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 2025 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2025 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2025 financial statements or to the 2025 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2025 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 13, 2025, on our consideration of Isthmus Montessori Academy, Inc.'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 Isthmus Montessori Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Isthmus Montessori Academy, Inc.'s internal control over financial reporting and compliance.



**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 13, 2025

## **FINANCIAL STATEMENTS**

**ISTHMUS MONTESSORI ACADEMY, INC.**

Statements of Financial Position

As of July 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 397,626	\$ 303,619
Tuition Receivable, Net	30,385	4,194
Grants Receivable	7,386	25,867
Other Receivables	4,291	7,517
Prepaid Expenses	29,100	32,577
<b>Total Current Assets</b>	<b>468,788</b>	<b>373,774</b>
<b>Property and Equipment</b>		
Land	538,000	538,000
Leasehold Improvements	1,158,561	1,145,300
Building and Improvements	2,340,000	2,340,000
Furnishings and Equipment	216,099	227,248
Construction in Progress	470,481	426,177
Total Property and Equipment	4,723,141	4,676,725
Less: Accumulated Depreciation	1,001,429	814,135
<b>Net Property and Equipment</b>	<b>3,721,712</b>	<b>3,862,590</b>
<b>Other Assets</b>	2,500	-
<b>TOTAL ASSETS</b>	<b>\$ 4,193,000</b>	<b>\$ 4,236,364</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 32,129	\$ 140,462
Accrued Payroll Liabilities	30,758	24,660
Other Accrued Expenses	7,229	7,229
Deferred Revenue	7,946	5,938
Current Portion of Long-Term Debt	152,545	124,545
<b>Total Current Liabilities</b>	<b>230,607</b>	<b>302,834</b>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt	2,831,976	2,998,660
<b>TOTAL LIABILITIES</b>	<b>3,062,583</b>	<b>3,301,494</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	1,130,417	934,870
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,193,000</b>	<b>\$ 4,236,364</b>

See Accompanying Notes

**ISTHMUS MONTESSORI ACADEMY, INC.**

Statement of Activities

For the Year Ended July 31, 2025

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	<b>Without Donor Restrictions</b>
<b>REVENUES AND SUPPORT</b>	
Contributions	\$ 84,098
Tuition and Fees, Net	880,290
Grants	2,732,803
Interest	8,582
Miscellaneous	36,164
Special Events	7,978
Food Service	53,571
<b>Total Revenues and Support</b>	<b>3,803,486</b>
<b>EXPENSES</b>	
Private School	823,378
Public School	2,168,455
Management and General	559,529
Fundraising	56,577
<b>Total Expenses</b>	<b>3,607,939</b>
<b>CHANGE IN NET ASSETS</b>	195,547
<b>NET ASSETS - BEGINNING</b>	934,870
<b>NET ASSETS - ENDING</b>	<b>\$ 1,130,417</b>

See Accompanying Notes

**ISTHMUS MONTESSORI ACADEMY, INC.**

Statement of Activities

For the Year Ended July 31, 2024

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	<b><u>Without Donor Restrictions</u></b>
<b>REVENUES AND SUPPORT</b>	
Contributions	\$ 51,640
Tuition and Fees, Net	748,914
Grants	2,863,417
Interest	5,914
Miscellaneous	31,539
Special Events	4,072
Food Service	41,970
Loss on Disposal of Assets	(182,410)
<b>Total Revenues and Support</b>	<b><u>3,565,056</u></b>
<b>EXPENSES</b>	
Private School	1,078,853
Public School	1,902,174
Management and General	577,752
Fundraising	55,120
<b>Total Expenses</b>	<b><u>3,613,899</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(48,843)</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>983,713</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 934,870</u></b>

See Accompanying Notes

**ISTHMUS MONTESSORI ACADEMY, INC.**

Statement of Functional Expenses

For the Year Ended July 31, 2025

	Program Services			Management and General	Fundraising	Total
	Private School	Public School	Total Program Services			
Salaries and Wages	\$ 499,379	\$ 1,276,191	\$ 1,775,570	\$ 201,769	\$ 40,354	\$ 2,017,693
Payroll Taxes	40,591	100,473	141,064	16,477	3,215	160,756
Employee Benefits	46,464	156,602	203,066	21,798	4,589	229,453
Personnel	8,459	17,316	25,775	5,506	638	31,919
Occupancy	20,279	37,661	57,940	8,085	1,347	67,372
Supplies and Materials	1,046	28,703	29,749	149	-	29,898
Administrative	-	-	-	38,543	-	38,543
Legal and Professional	2,027	36,702	38,729	100,245	-	138,974
Depreciation	60,942	113,192	174,134	24,309	-	198,443
Interest	67,212	124,838	192,050	26,810	-	218,860
Training and Development	23,067	73,004	96,071	5,323	-	101,394
Direct Student Costs	162	6,972	7,134	973	-	8,107
Information Technology	1,838	4,182	6,020	582	135	6,737
Insurance	7,497	13,995	21,492	2,999	500	24,991
Kitchen and Food Service	8,163	53,313	61,476	6,831	-	68,307
Bank Fees	-	-	-	365	-	365
Advertising	7,048	11,746	18,794	-	-	18,794
Dues and Subscriptions	-	-	-	55,468	-	55,468
Office Expenses	-	-	-	23,541	3,021	26,562
Postage and Printing	80	80	160	22	-	182
Repairs and Maintenance	11,699	21,727	33,426	4,664	777	38,867
Rent	16,551	30,738	47,289	6,599	1,100	54,988
Travel and Transportation	-	60,545	60,545	8,379	901	69,825
Miscellaneous Expense	874	475	1,349	92	-	1,441
<b>Total Expenses</b>	<b>\$ 823,378</b>	<b>\$ 2,168,455</b>	<b>\$ 2,991,833</b>	<b>\$ 559,529</b>	<b>\$ 56,577</b>	<b>\$ 3,607,939</b>

**ISTHMUS MONTESSORI ACADEMY, INC.**

Statement of Functional Expenses

For the Year Ended July 31, 2024

	Program Services			Management and General	Fundraising	Total
	Private School	Public School	Total Program Services			
Salaries and Wages	\$ 687,705	\$ 1,077,747	\$ 1,765,452	\$ 246,342	\$ 41,057	\$ 2,052,851
Payroll Taxes	54,118	84,812	138,930	19,386	3,231	161,547
Employee Benefits	69,631	109,123	178,754	24,942	4,157	207,853
Personnel	991	1,553	2,544	355	59	2,958
Occupancy	19,848	36,860	56,708	7,913	1,319	65,940
Supplies and Materials	609	23,639	24,248	122	-	24,370
Administrative	1,606	30,319	31,925	8,232	-	40,157
Legal and Professional	-	-	-	164,393	-	164,393
Depreciation	69,043	120,826	189,869	25,891	-	215,760
Interest	96,499	138,865	235,364	-	-	235,364
Training and Development	17,454	60,992	78,446	-	-	78,446
Bad Debt	-	-	-	20,562	-	20,562
Direct Student Costs	194	8,337	8,531	-	1,163	9,694
Information Technology	3,205	5,022	8,227	1,148	191	9,566
Insurance	6,751	12,602	19,353	2,700	450	22,503
Kitchen and Food Service	21,021	59,058	80,079	-	-	80,079
Bank Fees	-	-	-	4,066	-	4,066
Advertising	1,235	1,235	2,470	-	-	2,470
Dues and Subscriptions	-	-	-	9,636	-	9,636
Office Expenses	-	-	-	22,025	663	22,688
Postage and Printing	120	120	240	34	-	274
Repairs and Maintenance	13,714	25,469	39,183	5,467	911	45,561
Rent	15,109	28,059	43,168	6,023	1,004	50,195
Travel and Transportation	-	61,528	61,528	8,515	915	70,958
Miscellaneous Expense	-	16,008	16,008	-	-	16,008
<b>Total Expenses</b>	<u>\$ 1,078,853</u>	<u>\$ 1,902,174</u>	<u>\$ 2,981,027</u>	<u>\$ 577,752</u>	<u>\$ 55,120</u>	<u>\$ 3,613,899</u>

See Accompanying Notes

**ISTHMUS MONTESSORI ACADEMY, INC.**

## Statements of Cash Flows

For the Years Ended July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 195,547	\$ (48,843)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	198,443	215,760
Bad Debts	-	20,562
Loss on Disposal of Assets	-	182,410
Changes in Certain Assets and Liabilities:		
Tuition Receivable	(26,191)	23,153
Grants Receivable	18,481	(25,867)
Other Receivables	3,226	(5,596)
Prepaid Expenses	3,477	(18,418)
Other Assets	(2,500)	-
Accounts Payable	(108,333)	(145,887)
Accrued Payroll Liabilities	6,098	21,631
Deferred Revenue	2,008	(4,190)
Other Accrued Expenses	-	5,538
<b>Net Cash Flows From Operating Activities</b>	<u>290,256</u>	<u>220,253</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(57,565)</u>	<u>(12,397)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	<u>(138,684)</u>	<u>(128,558)</u>
<b>NET CHANGE IN CASH</b>	94,007	79,298
<b>CASH - BEGINNING</b>	<u>303,619</u>	<u>224,321</u>
<b>CASH - ENDING</b>	<u>\$ 397,626</u>	<u>\$ 303,619</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 218,860</u>	<u>\$ 229,454</u>

See Accompanying Notes

# ISTHMUS MONTESSORI ACADEMY, INC.

Notes to Financial Statements

July 31, 2025 and 2024

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## Note 1 - Summary of Significant Accounting Policies

### Nature of Activities

Isthmus Montessori Academy, Inc. (Academy) provides an aid to life through a holistic AMI Montessori Education: helping children achieve their greatest success, develop independence, and live with genuine kindness to others and the world. The Academy serves children in the Madison, Wisconsin area.

### Basis of Accounting

The financial statements of the Academy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Cash

Cash is defined as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Academy maintains its bank accounts at one financial institution. Aggregate accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At July 31, 2025, there was approximately \$153,000 of uninsured deposits.

### Accounts Receivable

Accounts receivable, including tuition and other receivables, are stated net of the allowance for credit losses. The Academy does not charge finance charges on past due receivables. The allowance for credit losses is maintained at a level that is management's best estimate of probable uncollectible tuition and bad debts incurred as of the statement of financial position date. Management's determination of the allowance is based on an evaluation of the receivables, past collection experience, current economic conditions, composition of the receivables, and other relevant factors. The allowance is increased by provisions for uncollectible tuition and other receivables charged against income. The allowance for credit losses at July 31, 2025 and 2024 was \$1,940.

### Property and Equipment

Property and equipment is stated at cost if purchased. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is depreciated using the straight-line method over the following estimated useful lives in years:

	<u>Depreciable Lives</u>
Building and Improvements	10 – 40
Leasehold Improvements	10 - 20
Furnishings and Equipment	3 - 5
Furniture and Fixtures	7 - 10

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. The Academy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

### Deferred Revenue

Deferred revenue consists of tuition paid in advance of the school year.

# ISTHMUS MONTESSORI ACADEMY, INC.

Notes to Financial Statements

July 31, 2025 and 2024

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed stipulations. Some donor stipulations are temporary in nature; those stipulations will be met by actions of the Academy and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Academy does not have any net assets that need to be maintained in perpetuity.

### Tax-Exempt Status

The Academy is a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. Gifts, grants and bequests are deductible by donors within limitations of the Internal Revenue Code.

The Academy evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. This evaluation includes monitoring changes in tax law and new authoritative rulings for potential implications of its tax status. The Academy is not aware of any tax positions that would require disclosures. The Academy has not identified any income it would consider to be unrelated business income.

### 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. Actual results could differ from those estimates.

### Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when conditions on which they depend are substantially met.

The Academy reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Academy grant revenue is from the Wisconsin Department of Public Instruction, Wisconsin Charter Schools Program, and others to support the growth of high-quality charter schools in Wisconsin, especially those focused on improving academic outcomes for educationally disadvantaged secondary students. It is recognized when received and is recorded as revenue without donor restrictions.

Tuition revenue is recognized as education services are provided over the course of the school year.

# ISTHMUS MONTESSORI ACADEMY, INC.

Notes to Financial Statements  
July 31, 2025 and 2024

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Leases with an initial term of twelve months or less are considered short-term leases. As allowed under the standard, the Organization elects to not apply the recognition requirements to short-term leases.

### Financial Aid and Tuition Reductions

Net tuition and fees reflect the Academy's actual tuition rates for all students less financial aid and other reductions. Financial aid is given on the basis of financial need. Financial aid and other tuition discount amounts are netted with tuition and fees in the statements of activities. For the years ended July 31, 2025 and 2024, financial aid and other tuition discounts totaled \$70,970 and \$83,283, respectively.

### Expense Allocation

Expenses have been allocated among program services, management and general, and fundraising classifications on the basis of time records and estimates made by management.

The following program services and supporting activities are included in the accompanying financial statements:

*Private School* - Preschool and daycare services for children aged twelve months to three years old.

*Public School* - Charter school instruction for children kindergarten through tenth grade.

*Management and General* - Management and general activities involve the functions necessary to ensure an adequate working environment; provide coordination and articulation of the Academy's program strategy; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the Academy; and manage the financial and budgetary responsibilities of the Academy.

*Fundraising* - Fundraising activities include soliciting contributions from individuals, foundations, and others.

The financial statements report certain categories of expenses that are attributed to more than one supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Insurance, occupancy, depreciation and repairs and maintenance are allocated on a square footage basis; the remaining expense categories are allocated on the basis of estimates of time and effort.

# ISTHMUS MONTESSORI ACADEMY, INC.

Notes to Financial Statements  
July 31, 2025 and 2024

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Subsequent Events

The Academy has evaluated subsequent events through November 13, 2025, the date which the financial statements were available to be issued.

### Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of July 31:

	<u>2025</u>	<u>2024</u>
Cash	\$ 397,626	\$ 303,619
Tuition Receivable, Net	30,385	4,194
Grants Receivable	7,386	25,867
Other Receivables	4,291	7,517
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 439,688</u>	<u>\$ 341,197</u>

### Note 3 - Note Payable

Note payable at July 31, consisted of the following:

	<u>2025</u>	<u>2024</u>
7.05% note payable to Lake Ridge Bank. Payable in monthly payments of \$29,792, including interest. Secured by real estate. The note payable matures in April 2028.	<u>\$ 2,984,521</u>	<u>\$ 3,123,205</u>

Future minimum principal payments on notes payable at July 31 are as follows:

Year Ending	
2026	\$ 152,545
2027	163,654
2028	<u>2,668,322</u>
	<u>\$ 2,984,521</u>

### Note 4 - Lease Arrangements

The Academy leased its operational facility under an operating lease that was to expire in August 2028. The Academy purchased the facility from the landlord in April 2023. The monthly lease payments were \$20,469 prior to purchase for the year ended July 31, 2023. Rent expense for the year ended July 31, 2024 was \$50,195.

The former lessor had a familial relationship to a member of the board of directors of the Academy.

The Academy has land leases with Dane County Airport which were assumed with the purchase of their current location and two additional parcels of land. The assumed leases have since expired and are considered month to month. The leases require monthly payments ranging from \$464 to \$2,318. Rent expense for the year ended July 31, 2025 was \$54,988.

# ISTHMUS MONTESSORI ACADEMY, INC.

Notes to Financial Statements  
July 31, 2025 and 2024

## Note 4 - Lease Arrangements (Continued)

The Organization entered into a lease agreement effective July 30, 2025. The lease is for one year with two 1 year options to extend. The lease includes space for finished and unfinished space with various requirements related to the access to the space. Occupancy for the finished space begins on September 1, 2025 and ends August 31, 2026. The lease calls for payments of \$18/square foot with potential monthly payments of \$9,161. Management has determined that they will not be exercising the renewal options. The lease is considered to be a short term lease.

## Note 5 - Significant Concentrations

The Academy received approximately 72% and 80% of its revenues from the Wisconsin Department of Public Instruction for the years ended July 31, 2025 and 2024, respectively.

## Note 6 - Revenue from Contracts with Customers

In accordance with Topic 606, Revenue from Contracts with Customers, the Academy accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable that the Academy will collect substantially all of the consideration to which it is entitled. Revenue is recognized when, or as, performance obligations are satisfied by transferring control of a promised product or service to a customer.

The Academy generates revenue from the following activities:

- Tuition - net tuition and fees for student education
- Food Service - Fees for student meals

### Disaggregation of Revenue

The table below presents net sales disaggregated by timing of revenue recognition by segment:

2025		
<u>Segments</u>	<u>Tuition (Net)</u>	<u>Food Service</u>
Timing of Revenue Recognition		
Services Transferred Over Time	<u>\$ 880,290</u>	<u>\$ 53,571</u>

2024		
<u>Segments</u>	<u>Tuition (Net)</u>	<u>Food Service</u>
Timing of Revenue Recognition		
Services Transferred Over Time	<u>\$ 748,914</u>	<u>\$ 41,970</u>

### Opening and Closing Balances of Receivables and Liabilities

The following table provides information about accounts receivable and deferred revenue balances:

	<u>At July 31, 2025</u>	<u>At July 31, 2024</u>	<u>At July 30, 2023</u>
Tuition Receivable, Net	\$ 30,385	\$ 4,194	\$ 47,909
Deferred Revenue	\$ 7,946	\$ 5,938	10,128

## **SUPPLEMENTARY INFORMATION**

**ISTHMUS MONTESSORI ACADEMY, INC.**

## Schedule of Revenues and Expenses

For the Year Ended July 31, 2025

	<u>Private School</u>	<u>Public School</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
State Aid	\$ -	\$ 2,521,867	\$ 2,521,867
Federal Funds	-	210,936	210,936
Tuition, Net	880,290	-	880,290
Other Revenue	136,822	53,571	190,393
<b>Total Revenues and Other Support</b>	<u>1,017,112</u>	<u>2,786,374</u>	<u>3,803,486</u>
<b>EXPENSES</b>			
Instruction	365,973	2,073,849	2,439,822
Instructional Support	20,704	117,326	138,030
Facilities	45,729	259,137	304,866
Administration	41,569	235,564	277,133
Other	67,213	380,875	448,088
<b>Total Expenses</b>	<u>541,188</u>	<u>3,066,751</u>	<u>3,607,939</u>
<b>CHANGE IN NET ASSETS</b>	475,924	(280,377)	195,547
<b>NET ASSETS - BEGINNING</b>	<u>800,081</u>	<u>134,789</u>	<u>934,870</u>
<b>NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ 1,276,005</u>	<u>\$ (145,588)</u>	<u>\$ 1,130,417</u>

## **ADDITIONAL REPORTS**

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Board of Directors  
Isthmus Montessori Academy, Inc.  
Madison, Wisconsin

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, the financial statements of Isthmus Montessori Academy, Inc. (the Academy), which comprise the statement of financial position as of July 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2025.

**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 opinion 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 to 2025-002, that we consider to be material weaknesses and item 2025-003 as a significant deficiency.

To the Board of Directors  
Isthmus Montessori Academy, Inc.

## **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 did not disclose any instances of noncompliance that is required to be reported under *Government Auditing Standards*.

## **Isthmus Montessori Academy, Inc.'s Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Academy's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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



**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 13, 2025



**Independent Auditors' Report on Compliance for the Major State  
Program and on Internal Control Over Compliance Required by the  
*Wisconsin Department of Public Instruction***

To the Board of Directors  
Isthmus Montessori Academy, Inc.  
Madison, Wisconsin

**Report on Compliance for the Major State Program**

***Opinion on the Major State Program***

We have audited the Academy's compliance with the types of compliance requirements identified as subject to audit in the *Wisconsin School Academy Audit Manual*, that could have a direct and material effect on the Academy's major state program for the year ended July 31, 2025. The Academy's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended July 31, 2025.

***Basis for Opinion on the Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Wisconsin Public School Academy Audit Manual*. Our responsibilities under those standards and *Wisconsin Public School Academy Audit Manual* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

To the Board of Directors  
Isthmus Montessori Academy, Inc.

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Wisconsin Department of Public Instruction Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Wisconsin Department of Public Instruction Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

To the Board of Directors  
Isthmus Montessori Academy, Inc.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Wisconsin Department of Public Instruction Audit Manual*. Accordingly, this report is not suitable for any other purpose.

KerberRose SC

**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 13, 2025

**FEDERAL AND STATE AWARDS SECTION**

**ISTHMUS MONTESSORI ACADEMY, INC.**

Schedule of Expenditures of Federal Awards

For the Year Ended July 31, 2025

Awarding Agency/ Award Description/ Pass-Through Agency	ALN	Pass - Through Agency	Pass Through I.D. Number	Accrued Receivable 8/1/24	Grantor Reimbursements	Expenditures	Accrued Receivable 7/31/25
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<i>CHILD NUTRITION CLUSTER</i>							
National School Lunch Program	10.555	WI DPI	2024-138018-DPI-NSL-547	\$ 5,947	\$ 31,560	\$ 25,613	\$ -
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Title I Grants to Local Educational Agencies	84.010	WI DPI	2024-138018-DPI-TI-A-141	-	20,726	20,726	-
<i>SPECIAL EDUCATION CLUSTER</i>							
Special Education Grants to Schools	84.027	WI DPI	2024-138018-DPI-FLOW-341	-	43,090	43,090	-
Special Education Preschool Grants	84.173	WI DPI	2024-138018-DPI-PRESCH-347	-	968	968	-
<i>Total Special Education Cluster</i>				-	44,058	44,058	-
Formula Teacher and Principal Training	84.367	WI DPI	2024-138018-DPI-TIIA-365	-	3,463	3,463	-
Student Support and Academic Enrichment Grants	84.424	WI DPI	2024-138018-DPI-TIVA-381	-	10,000	10,000	-
Elementary and Secondary School Emergency Relief III	84.425	WI DPI	2024-138018-DPI-ESSERF-160	-	4,000	4,000	-
<b>Total U.S. Department of Education</b>				-	82,247	82,247	-
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ 5,947</u>	<u>\$ 113,807</u>	<u>\$ 107,860</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Government Grants

Grants \$ 2,732,803

Less: State Sources (2,521,867)

Less: Federal Sources not Considered Federal Financial Assistance (103,076)

Total Expenditures of Federal Awards \$ 107,860

The accompanying notes are an integral part of this schedule.

(These notes are on page 22)

**ISTHMUS MONTESSORI ACADEMY, INC.**

Schedule of State Financial Assistance

For the Year Ended July 31, 2025

Awarding Agency/ Award Description/ Pass-Through Agency	State I.D. Number	State Pass Through I.D. Number	Accrued Receivable 8/1/24	State Reimbursements	Expenditures	Accrued Receivable 7/31/25
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>ENTITLEMENT PROGRAMS</b>						
<i>MAJOR STATE PROGRAMS:</i>						
Charter Schools State Aid - 2x Special Needs Pupils and School Age Parents: Internal District Program	255.289	138018-115	\$ -	\$ 2,399,753	\$ 2,399,753	\$ -
Internal District Program	255.101	138018-100	-	110,267	110,267	-
Educator Effective Evaluation System Grants Public	255.940	138018-154	-	1,597	1,597	-
State School Lunch Aid Match	255.102	138018-107	-	753	753	-
Pupil Transportation Public & Private School Student	255.107	138018-210	-	3,049	3,049	-
School Based Mental Health Services	255.957	138018-177	7,207	7,350	6,395	6,252
Assessments of Reading Readiness	255.956	138018-166	-	53	53	-
<b>TOTAL STATE PROGRAMS</b>			<u>\$ 7,207</u>	<u>\$ 2,522,822</u>	<u>\$ 2,521,867</u>	<u>\$ 6,252</u>

The accompanying notes are an integral part of this schedule.

(These notes are on page 22)

## **ISTHMUS MONTESSORI ACADEMY, INC.**

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
July 31, 2025

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### **Note 1 – Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state grant activity of Isthmus Montessori Academy, Inc. under programs of the federal and state governments for the year ended July 31, 2025. The information in these Schedules is presented in accordance with the requirements of Wisconsin Department of Public Instruction and *Wisconsin Public School Academy Audit Manual*. Because the Schedules present only a selected portion of the operations of the Academy, they are not intended to and do not present the financial position or changes in net position of the Academy.

### **Note 2 – Oversight Agencies**

Isthmus Montessori Academy, Inc.'s federal oversight agency is the U.S. Department of Education. The Academy's state cognizant agency is the Wisconsin Department of Instruction.

**ISTHMUS MONTESSORI ACADEMY, INC.**

Schedule of Findings and Responses  
For the Year Ended July 31, 2025

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**Section I – Summary of Auditors’ Responses**

***Financial Statements***

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Noncompliance material to the financial statements?	No

***State Awards***

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Wisconsin Public School Academy Audit Manual?	No

Identification of major state program:

<b>State I.D. Number</b>	<b>Name of State Program</b>
255.289	Charter Schools State Aid – 2x
Dollar threshold used to distinguish between Type A and Type B Programs	\$250,000

**ISTHMUS MONTESSORI ACADEMY, INC.**  
Schedule of Findings and Responses - Continued  
For the Year Ended July 31, 2025

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**Section II – Financial Statement Finding**

**2025-001 – Financial Reporting**

Condition:	The Academy's management does not have the necessary training to record year end adjustments to the general ledger and to prepare the financial statements, including related notes and required supplementary information, in accordance with generally accepted accounting principles (GAAP). As a result, the financial statements were prepared by the outside auditors.
Cause:	The Academy's management does not have the training to prepare the financial statements and related notes in accordance with GAAP.
Criteria:	One of the components of internal control over financial reporting is that personnel within the entity be sufficiently knowledgeable to record the entity's financial transactions in accordance with generally accepted accounting principles (GAAP) and to prepare the Academy's financial statements, including related notes and required supplemental information in accordance with those accounting principles.
Effect:	Consequently, during our audit we prepared the Academy's financial statements and management reviewed and accepted responsibility for the financial statements, including related notes and required supplementary information.
Recommendation:	This matter is common in most small organizations since they do not have the resources to devote to this area of internal control. We recommend that the Academy continue to rely on the external auditors to prepare the financial statements and related notes and required supplementary information in accordance with generally accepted accounting principles.
Management's Response:	Management is in agreement with the recommendation.

**ISTHMUS MONTESSORI ACADEMY, INC.**  
Schedule of Findings and Responses - Continued  
For the Year Ended July 31, 2025

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**Section II – Financial Statement Finding (Continued)**

**2025-002 – Material Journal Entries**

Condition:	During our audit, we identified and proposed seven journal entries to various general ledger accounts, which were approved and posted by management. Of the fifteen journal entries proposed and accepted by management, one was material to the financial statements as a whole.
Cause:	Due to the size of the Academy and the limited number of accounting personnel, the Academy lacks an individual skilled in recording financial information in accordance with GAAP.
Criteria:	Internal control systems should include personnel with sufficient education, training and/or experience to record financial information in accordance with generally accepted accounting principles (GAAP).
Effect:	The effect of improper accounting during the year is that management could be reviewing materially incorrect financial information.
Recommendation:	The Academy should consider providing additional training to staff who record financial information. We also recommend the accounts be reconciled on a monthly basis.
Management's Response:	The Academy's management agrees with the finding and has concluded they will work to improve the accounting processes.

**2025-003 – Segregation of Duties**

Condition:	The size of the Academy is such that its accounting staff is not large enough to provide segregation of duties that would be ideal.
Cause:	Due to limited staff, management is unable to properly segregate duties.
Criteria:	Internal control systems should include procedures to separate duties so that no one individual controls assets and performs the related record keeping.
Effect:	Due to the lack of segregation of duties, unauthorized transactions could occur within the Academy.
Recommendation:	We recognize that the Academy is not large enough to make the employment of additional persons for the purpose of segregating duties practical from a financial standpoint. We recommend that the Academy continue to have the Board of Directors review the financial information.
Management's Response:	The Academy is aware of the lack of segregation of duties caused by the limited size of its staff and therefore, agrees with the finding. The Academy will continue to improve segregation of duties as they are able and continue to have the Board of Directors involved as much as possible.

**ISTHMUS MONTESSORI ACADEMY, INC.**  
Schedule of Findings and Responses - Continued  
For the Year Ended July 31, 2025

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**Section III – State Award Findings and Responses**

No matters noted.

**Section IV – Other Issues**

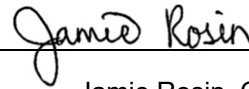
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin Public School Academy Audit Manual:

Department of Public Instruction Yes

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Name and Signature of Partner



\_\_\_\_\_  
Jamie Rosin, CPA

Date of report

\_\_\_\_\_  
November 13, 2025

**ISTHMUS MONTESSORI ACADEMY, INC.**

Summary Schedule of Prior Audit Findings  
For the Year Ended July 31, 2025

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**Financial Statement Findings**

**2024-001 – Financial Reporting**

This matter was not resolved. This matter is part of Finding 2025-001 in the current year.

**2024-002 – Material Journal Entries**

This matter was not resolved. This matter is part of Finding 2025-002 in the current year.

**2024-003 – Segregation of Duties**

This matter was not resolved. This matter is part of Finding 2025-003 in the current year.



**Corrective Action Plan**

**Financial Statement Finding**

**2025-001 – Financial Accounting and Reporting**

The Academy management believes that the cost of devoting resources to the preparation of financial statements in accordance with generally accepted accounting principles would outweigh the benefits to be received. The Academy will continue to use the services of its current audit firm for the necessary guidance to prepare financial statements in accordance with generally accepted accounting principles. The Academy management will continue to review, approve and accept responsibility for the draft financial statements prepared by the audit firm.

**Responsible Official**

Melissa Droessler

**Anticipated Completion Date**

The finding will not completely resolve given the limited amount of financial staff and limited resources of the Academy. The Academy will continue to rely on board oversight and review of the financial records.

**2025-002 – Material Journal Entries**

The Academy management has hired additional staff with an accounting background to assist in the month and year end close process.

**Responsible Official**

Melissa Droessler

**Anticipated Completion Date**

The Academy believes this will be resolved in the 2025/2026 fiscal year.

**2025-003 – Segregation of Duties**

The Academy will continue to rely on its direct knowledge of daily operations and direct contact with employees to control and safeguard assets.

**Responsible Official**

Melissa Droessler

**Anticipated Completion Date**

The finding will not completely resolve given the limited amount of financial staff and limited resources of the Academy. The Academy will continue to rely on board oversight and review of the financial records.