

October 18, 2024

To the Board of Directors of
Coral Academy of Science Reno

We have audited the financial statements of the governmental activities and each major fund of Coral Academy of Science Reno (the “School”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2024.

Other Audit Findings or Issues

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

Other Matters

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

We were not engaged to report on supplemental performance framework schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

Velez & Hardy

CORAL ACADEMY OF SCIENCE RENO

FINANCIAL STATEMENTS

JUNE 30, 2024

**CORAL ACADEMY OF SCIENCE RENO
FINANCIAL STATEMENTS
JUNE 30, 2024**

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Independent Auditor's Report

To the Governing Board of
Coral Academy of Science Reno
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Academy of Science Reno (School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information on pages 4–8 and 27-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included with the financial statements. The other information comprises the schedules of financial performance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Velez & Hardy

Las Vegas, Nevada
October 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CORAL ACADEMY OF SCIENCE RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The following discussion and analysis of Coral Academy of Science Reno provides an overview of the School's financial activities for the year ended June 30, 2024. As management of Coral Academy of Science Reno (the School), we encourage readers to consider the information presented here in conjunction with the financial statements and notes. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a longer-term view of the School's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements report the School's operations in more detail than the government-wide statements.

Financial Highlights

Governmental Activities

The School has a net deficit position of (\$6,627,835), an increase of \$1,348,806. Assets consist primarily of cash of \$9,037,895, of which \$4,655,382 is restricted for debt obligations, and net capital assets of \$36,222,691. Total revenues were \$20,854,611, an increase of \$4,991,123 and total expenses were \$22,203,417, an increase of \$4,772,852. Approximately 85% of total revenue was derived from the unrestricted portion of the Pupil Centered Funding Program (PCFP) provided for operations in the current fiscal year. The net deficit position is due to PERS unfunded liability reporting. The School has no liability for unfunded obligations of the system as provided by Nevada Revised Statutes (NRS) 286.110 but is required to report their share of the net pension liability under GASB 68. The School has a fund balance of \$9,088,498, an decrease of \$4,088,259.

Overview of the Financial Statements

The School's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and the accompanying notes to the financial statements.

Government- Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements:

A fund is established to account for a specific activity or purpose. The School only has governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the governmental fund financial statements focus on near-term spendable resources, and the governmental activities on the government-wide financial statements have a longer-term focus, a reconciliation of the differences between the two is provided following the fund financial statement's balance sheet and statement of revenues, expenditures and changes in fund balances, respectively.

**CORAL ACADEMY OF SCIENCE RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2024**

Overview of the Financial Statements (Continued)

Notes to the Basic Financial Statements:

The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements and should be read with the financial statements.

The School as a whole

One important question asked about the School's finances is: "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, consideration should be given to other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs and changes in the economy to assess the overall health of the School.

The School's net position was as follows:

	2024	2023	Change	Percentage
Current assets	\$ 10,635,340	\$ 15,467,569	\$ (4,832,229)	-31%
Noncurrent assets	36,780,383	32,711,932	4,068,451	12%
Total assets	<u>47,415,723</u>	<u>48,179,501</u>	<u>(763,778)</u>	<u>-2%</u>
Deferred outflows of resources	<u>7,155,387</u>	<u>6,562,794</u>	<u>592,593</u>	<u>9%</u>
Current liabilities	2,077,605	2,746,523	(668,918)	-24%
Long-term liabilities	<u>58,891,945</u>	<u>57,172,919</u>	<u>1,719,026</u>	<u>3%</u>
Total liabilities	<u>60,969,550</u>	<u>59,919,442</u>	<u>1,050,108</u>	<u>2%</u>
Deferred inflows of resources	<u>229,395</u>	<u>101,882</u>	<u>127,513</u>	<u>125%</u>
Net position invested in				
capital assets, net of debt	(5,370,208)	(9,638,071)	4,267,863	-44%
Restricted	4,655,382	11,036,552	(6,381,170)	-58%
Unrestricted	<u>(5,913,009)</u>	<u>(6,677,510)</u>	<u>764,501</u>	<u>-11%</u>
Total net position	<u>\$ (6,627,835)</u>	<u>\$ (5,279,029)</u>	<u>\$ (1,348,806)</u>	<u>26%</u>

The school completed the construction of a new campus using bond funds, invested in technology across all campuses, and reduced its debt. As a result, current assets and current liabilities decreased, while noncurrent assets and long-term liabilities increased.

**CORAL ACADEMY OF SCIENCE RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2024**

The School as a whole – continued

The School's revenues were as follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percentage</u>
Revenue				
State sources	\$ 19,008,500	\$ 13,132,527	\$ 5,875,973	45%
Federal sources	267,106	527,427	(260,321)	-49%
Other sources	1,579,005	2,203,534	(624,529)	-28%
Total revenue	<u>\$ 20,854,611</u>	<u>\$ 15,863,488</u>	<u>\$ 4,991,123</u>	<u>31%</u>

Due to increased student funding (PCFP) at the state level and a rise in the number of students at the school level, revenues have increased.

The School's expenditures were as follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percentage</u>
Instruction	\$ 12,806,157	\$ 9,312,871	\$ 3,493,286	38%
Student support	956,277	559,145	397,132	71%
Instructional support	216,330	175,431	40,899	23%
General administration	759,631	555,282	204,349	37%
School administration	1,548,375	1,249,349	299,026	24%
Central services	963,873	1,103,832	(139,959)	-13%
Operations and maint. of plant	1,729,556	1,264,372	465,184	37%
Student transportation	93,132	82,554	10,578	13%
Amortization of lease rights	147,477	101,454	46,023	45%
Unallocated depreciation	879,808	517,357	362,451	70%
Debt service	2,102,801	2,508,918	(406,117)	-16%
Total expenses	<u>\$ 22,203,417</u>	<u>\$ 17,430,565</u>	<u>\$ 4,772,852</u>	<u>27%</u>

Most of the expenses increased due to higher enrollment. Unallocated depreciation also rose due to asset acquisitions from previous years.

Government – Wide Financial Analysis

The following analysis has been prepared comparing the results for the fiscal year ending June 30, 2024 to the Final school budget:

**CORAL ACADEMY OF SCIENCE RENO
 BUDGET COMPARISON SCHEDULE (UNAUDITED)
 MODIFIED ACCRUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable / (Unfavorable)
REVENUE			
Local revenue sources	\$ 1,307,622	\$ 1,579,005	\$ 271,383
State revenue sources	19,016,020	19,008,500	(7,520)
Federal revenue sources	348,633	267,106	(81,527)
Total revenue	<u>20,672,275</u>	<u>20,854,611</u>	<u>182,336</u>
EXPENDITURES			
Regular programs:			
Instruction	11,014,450	10,250,006	764,444
Support services	4,933,312	5,429,496	(496,184)
Total regular programs	<u>15,947,762</u>	<u>15,679,502</u>	<u>268,260</u>
Special programs:			
Instruction	1,111,364	1,342,045	(230,681)
Support services	743,412	523,374	220,038
Total support services	<u>1,854,776</u>	<u>1,865,419</u>	<u>(10,643)</u>
Other:			
Capital outlay	6,000	4,773,159	(4,767,159)
Debt service	2,611,901	2,624,790	(12,889)
Total other	<u>2,617,901</u>	<u>7,397,949</u>	<u>(4,780,048)</u>
Total expenditures	<u>20,420,439</u>	<u>24,942,870</u>	<u>(4,522,431)</u>
Excess (deficiency) of revenue over expenditures	251,836	(4,088,259)	(4,340,095)
FUND BALANCE, beginning of year	<u>13,176,757</u>	<u>13,176,757</u>	-
FUND BALANCE, end of year	<u>\$ 13,428,593</u>	<u>\$ 9,088,498</u>	<u>\$ (4,340,095)</u>

The school used estimates based on information available throughout the year. Variances in expenditures resulted from capital outlays that were not anticipated during the budgeting period. These variances do not negatively impact the school's operational finances.

Request for information

The financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Coral Academy of Science Reno at 1350 E Ninth Street, Reno, Nevada, Nevada 89512, and telephone number (775) 323-2332.

BASIC FINANCIAL STATEMENTS

CORAL ACADEMY OF SCIENCE RENO
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current assets:

Cash	\$ 4,382,513
Cash, restricted	4,655,382
Receivables	1,533,396
Prepaid expenses	64,049
Total current assets	<u>10,635,340</u>

Noncurrent assets:

Depreciable capital assets, net	29,789,160
Nondepreciable capital assets	6,433,531
Intangible lease assets, net	554,732
Refundable deposits	2,960
Total noncurrent assets	<u>36,780,383</u>

Total assets 47,415,723

DEFERRED OUTFLOWS OF RESOURCES

Pension requirement	<u>7,155,387</u>
Total assets and deferred outflows of resources	<u>54,571,110</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 633,337
Accrued liabilities	916,465
Lease obligations, current	162,803
Bonds payable, current	365,000
Total current liabilities	<u>2,077,605</u>

Noncurrent liabilities:

Lease obligations, noncurrent	414,036
Bonds payable, noncurrent	41,205,792
Net pension liability	17,272,117
Total noncurrent liabilities	<u>58,891,945</u>

Total liabilities 60,969,550

DEFERRED INFLOWS OF RESOURCES

Pension requirement	<u>229,395</u>
Total liabilities and deferred inflows of resources	<u>61,198,945</u>

NET POSITION

Invested in capital assets, net of debt	(5,370,208)
Restricted	4,655,382
Unrestricted	(5,913,009)
Total net position	<u>\$ (6,627,835)</u>

**CORAL ACADEMY OF SCIENCE RENO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

GOVERNMENTAL ACTIVITIES	Governmental Activities
Instruction:	
Regular instruction	\$ 11,464,112
Special instruction	1,342,045
Total instruction	<u>12,806,157</u>
Support services:	
Student support	956,277
Instructional support	216,330
General administration	759,631
School administration	1,548,375
Central services	963,873
Operations and maintenance of plant	1,729,556
Student transportation	93,132
Amortization of intangible lease assets	147,477
Unallocated depreciation	879,808
Total support services	<u>7,294,459</u>
Debt service:	
Interest expense	2,088,163
Debt related expenses	14,638
Total debt service	<u>2,102,801</u>
Total expenditures	<u>22,203,417</u>
PROGRAM REVENUE	
Operating grants	
Special programs	<u>1,566,223</u>
GENERAL REVENUE	
Pupil centered funding program	17,709,383
Other sources	1,579,005
Total general revenue	<u>19,288,388</u>
CHANGE IN NET POSITION	(1,348,806)
NET POSITION, Beginning of year	<u>(5,279,029)</u>
NET POSITION, End of year	<u>\$ (6,627,835)</u>

The accompanying notes are an integral part of these financial statements.

CORAL ACADEMY OF SCIENCE RENO
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>Building Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 4,382,513	\$ 4,655,382	\$ 9,037,895
Receivables	1,533,396	-	1,533,396
Prepaid expense	64,049	-	64,049
Refundable deposits	2,960	-	2,960
Total assets	<u>\$ 5,982,918</u>	<u>\$ 4,655,382</u>	<u>\$ 10,638,300</u>
LIABILITIES			
Accounts payable	\$ 633,337	\$ -	\$ 633,337
Accrued liabilities	740,474	175,991	916,465
Total liabilities	<u>1,373,811</u>	<u>175,991</u>	<u>1,549,802</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	64,049	-	64,049
Refundable deposits	2,960	-	2,960
Total nonspendable	<u>67,009</u>	<u>-</u>	<u>67,009</u>
Restricted	-	4,479,391	4,479,391
Unassigned	4,542,098	-	4,542,098
Total fund balances	<u>4,609,107</u>	<u>4,479,391</u>	<u>9,088,498</u>
Total liabilities and fund balances	<u>\$ 5,982,918</u>	<u>\$ 4,655,382</u>	<u>\$ 10,638,300</u>

**CORAL ACADEMY OF SCIENCE RENO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balances - governmental funds \$ 9,088,498

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

Capital and intangible assets, net of related depreciation and amortization, are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets not reported	39,958,119	
Less accumulated depreciation	<u>(3,735,428)</u>	36,222,691
Intangible lease rights not reported	885,445	
Less accumulated amortization	<u>(330,713)</u>	554,732

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease obligations, current	(162,803)	
Lease obligations, noncurrent	<u>(414,036)</u>	(576,839)
Bonds payable, current	(365,000)	
Bonds payable, noncurrent	<u>(41,205,792)</u>	(41,570,792)

Net pension liability and the related deferred inflows and outflows or resources are not included in governmental fund financial statements.

Deferred inflows of resources - pension requirement	7,155,387	
Deferred outflows of resources - pension requirement	(229,395)	
Net pension liability	<u>(17,272,117)</u>	(10,346,125)

Total net position - governmental activities \$ (6,627,835)

CORAL ACADEMY OF SCIENCE RENO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Building Fund	Total
REVENUES				
State sources	\$ 17,709,383	\$ 1,299,117	\$ -	\$ 19,008,500
Federal sources	-	267,106	-	267,106
Other sources	1,230,900	-	348,105	1,579,005
Total revenues	<u>18,940,283</u>	<u>1,566,223</u>	<u>348,105</u>	<u>20,854,611</u>
EXPENDITURES				
Programs:				
Instruction:	<u>10,250,006</u>	<u>1,342,045</u>	<u>-</u>	<u>11,592,051</u>
Support services:				
Student support	510,254	401,130	-	911,384
Instructional support	161,662	48,136	-	209,798
General administration	717,101	-	-	717,101
School administration	1,407,586	-	-	1,407,586
Central services	913,489	10,447	-	923,936
Operations and maintenance of plant	1,627,022	63,661	-	1,690,683
Student transportation	93,132	-	-	93,132
Total support services	<u>5,429,496</u>	<u>523,374</u>	<u>-</u>	<u>5,952,870</u>
Capital outlay				
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>4,773,159</u>	<u>4,773,159</u>
Debt service:				
Principal payment on long-term debt	138,140	-	345,000	483,140
Interest expense	-	-	2,127,012	2,127,012
Debt related expenses	-	-	14,638	14,638
Total debt service	<u>138,140</u>	<u>-</u>	<u>2,486,650</u>	<u>2,624,790</u>
Total expenditures	<u>15,817,642</u>	<u>1,865,419</u>	<u>7,259,809</u>	<u>24,942,870</u>
Excess of revenue over (under) expenditures	3,122,641	(299,196)	(6,911,704)	(4,088,259)
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(740,137)</u>	<u>299,196</u>	<u>440,941</u>	<u>-</u>
Net change in fund balances	2,382,504	-	(6,470,763)	(4,088,259)
Fund Balances, beginning of year	<u>2,226,603</u>	<u>-</u>	<u>10,950,154</u>	<u>13,176,757</u>
Fund Balances, end of year	<u>\$ 4,609,107</u>	<u>\$ -</u>	<u>\$ 4,479,391</u>	<u>\$ 9,088,498</u>

CORAL ACADEMY OF SCIENCE RENO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net change in fund balances - governmental funds \$ (4,088,259)

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and are allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount that the current year's depreciation expenses exceeded the capital asset purchases in the current period.

Expenditures for capital assets	\$ 4,773,159	
Less current year depreciation	<u>(879,808)</u>	3,893,351
Less current year amortization of lease rights		(147,477)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability and related deferred outflows and inflows of resources		(1,528,410)
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Principal payments on a note payable or a lease obligations are reported in the government funds as expenditures. However, for government-wide activities, those costs are shown in the statement of net position as a reduction of a liability. Additionally, proceeds from long-term debt is recognized as revenue from other funding sources.

Amortization of premiums (discounts) on bonds issued	\$ 38,849	
Principal reduction on lease obligations	138,140	
Principal payments on bonds	345,000	<u>521,989</u>

Change in net position of governmental activities \$ (1,348,806)

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND CHARTER

Coral Academy of Science Reno (School) is a charter school established in 2007 under Nevada Revised Statute (NRS) 386.527 (subsequently replaced by NRS 388A.270). The Washoe County School District (District or WCSD) agreed to sponsor the establishment and operations of the school under an approved charter contract with an initial term of six years, based on certain conditions being met during the term of the contract, with the most recent renewal term started July 2018 and ending in June 2024, and may be amended from time to time.

The School serves grades K-12 and provides a Science, Technology, Engineering, Arts, and Mathematics (STEAM) and college-preparatory focus aimed at providing students with an opportunity to achieve their full potential. The mission of the School is to provide a safe learning environment, supported by a diverse community, and a student body that is dedicated to a rigorous college preparatory curriculum.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the School. The School has established a Governing Board (Board), which is legally separate and fiscally independent from other governing bodies; therefore, the School is a primary government and the School is not reported as a component unit by any other government unit. The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Basis of Presentation: Government-wide and Fund Financial Statements

The accompanying financial statements have been prepared in accordance with GASB Codification, Section 2200 (previously referred to as GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments (GASB 34)). The School’s basic financial statements consist of both government-wide financial statements and fund financial statements. Accounting principles generally accepted in the United States of America require the School to apply all applicable pronouncements of GASB. The school also follows guidance issued by the Financial Accounting Standards Board (FASB) in the Accounting Standard Codification (ASC) to the extent that the pronouncements do not conflict with pronouncements issued by GASB.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation: Government-wide and Fund Financial Statements (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. The School does not charge indirect expenses to programs or functions. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The major governmental funds are reported as separate columns in the fund financial statements. This requires that each fund be treated as a separate accounting entity and that the operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the School has been notified that the funds are available to be received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that the amount of the transaction can be determined. "Available" means that the amount is collectible within the current period or soon enough thereafter to pay liabilities incurred in the current period. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is for payments of principal and interest on debt service or capital leases, which are recorded when payment is due.

All of the School's funds are governmental funds. The food service fund is not considered an enterprise fund as the pricing policies are not high enough to recover the related costs. The School reports the following major governmental funds:

General Fund: The School's general operating fund used to account for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in other funds.

Special Revenue Fund: These funds are used to account for the proceeds of special revenue sources that are restricted or committed by law or administrative action to expenditure for specific purposes other than debt service or capital projects, including special education and restricted grants.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building Bond Fund: This fund is used to account for the proceeds of bond issuances and corresponding debt services costs. It is also used to account for costs of acquiring or otherwise improving the School’s campus facilities.

Budgets and Budgetary Information

The School is required by the Nevada Department of Education (Department) to adopt a final budget no later than May 1 of each year under NRS 388A.366 but is not required by the Department to augment the budget during the year. Further, the School is not required under the statute to adopt a final budget or otherwise comply with any provisions of Chapter 354 of the NRS. In essence, augmentation of the School’s budget is neither required nor prohibited.

Cash and Cash Restrictions

The School defines cash and cash equivalents as cash and short-term investments with an initial maturity of three months or less. Certain debt proceeds as well as certain resources set aside for their repayment are classified as restricted cash in these financial statements as their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Receivables

Receivables include Distributive School Account (DSA) balances due from the state, in addition to other grant revenues related to special education shown in the special revenue fund. The School considers the balance of receivables to be fully-collectible; accordingly, an allowance for uncollectible accounts has not been recorded.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid expenses are equally offset by a fund balance classification indicating they are “*non-spendable*”.

Capital Assets

Capital assets are defined by the School as assets with an initial individual cost exceeding \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or an estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value on the date of donation. Costs of normal repair or maintenance that do not add value or materially extend asset life are not capitalized. Nondepreciable assets include land and construction in progress. Depreciation on all depreciable capital assets is provided on the straight-line basis over the following estimated useful lives:

<u>Capital Asset Type</u>	<u>Years</u>
Buildings	31 - 40 years
Improvements	5 - 31 years
Furniture and fixtures	7 - 10 years
Computer equipment	3 - 7 years
Food service equipment	7 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Salaries and Benefits

Payroll obligations are recognized in the period that they are incurred. The School enters into employment contracts with principally all of its teachers for a period of 10 months, which are paid out over the course of 12 months. Employee compensation earned but not paid by June 30, 2024, has been accrued as liabilities and shown as expenses for the current year. All PTO is required to be used by June 30th each year; therefore, no liability for compensated absences has been included in these financial statements.

Long-Term Bond Obligations

Bonds payable are reported net of the applicable bond premium or discounts. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are immediately expensed in the government-wide financial statements. In the fund financial statements, the face amount of debt issued is recorded as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Corresponding interest expenses are expensed as incurred.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments qualify for reporting in this category.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund balance

In the government-wide financial statements, net position is classified into three components:

Invested in Capital Assets, Net of Related Debt: This is the component of net position that reports the difference between the capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This is the component of net position that reports the constraints placed on the use of assets by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

Unrestricted Net Position: All other assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose, and are classified into five components:

Nonspendable fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as prepaid expenses.

Restricted fund balance: These amounts are restricted for use toward a specific purpose by constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance: These amounts can only be used for specific purposes as set forth by the School Board. The Board must take formal action, prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment.

Assigned fund balance: Assignments are neither restrictions nor commitments, and represent the School’s intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the School’s ending fund balance. The School Board and Management have the responsibility of assigning amounts of ending fund balance.

Unassigned fund balance: The residual classification for the General Fund that is available to spend.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered spent in the above order.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, assumptions, and judgments that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The estimated useful lives of depreciable capital assets is considered to be a significant estimate of the School.

New Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which provides guidance on recognition and measurement of compensated absences. This statement is effective for fiscal years beginning after December 31, 2023, with early adoption encouraged. The adoption of this statement did not have a material impact on the financial position or activities of the School.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The School's cash is categorized in three categories of credit risk:

Category 1: Insured or collateralized with securities held by entity or by its agent in the School's name

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the School's name.

Category 3: Uncollateralized.

The School participates in a statewide collateral pool made available under applicable state law. The statewide program is centralized and coordinated by the Office of the State Treasurer. Under the pool, participating financial institutions are required to maintain collateral securities having a fair market value that is at least 102% of the amount of the aggregate uninsured ledger balances of public money held by the depository. State and local agency participation is voluntary. Financial institutions that participate require a signed collateral security agreement and approval by the State Treasurer. The School maintains bank accounts with Wells Fargo Bank and US Bank, which are participating banking institutions, and the School has joined the statewide collateral pool.

The cash held by the financial institution is insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limits of \$250,000. At June 30, 2024, the School's cash deposits were fully insured with no uncollateralized portions. Custodial credit risk is the risk that the School may not be able to recover the value of the deposits that are in the possession of an outside party. The School does not have a formal policy for custodial credit risk.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets from governmental activities for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Cost of nondepreciable capital assets:					
Land	\$ 6,407,336	\$ -	\$ -	\$ -	\$ 6,407,336
Construction in progress	11,503,196	4,632,328	-	(16,109,329)	26,195
Total nondepreciable capital assets	<u>17,910,532</u>	<u>4,632,328</u>	<u>-</u>	<u>(16,109,329)</u>	<u>6,433,531</u>
Cost of depreciable capital assets:					
Buildings	15,152,621	140,831	-	15,327,268	30,620,720
Improvements	1,203,874	-	-	140,866	1,344,740
Furniture and fixtures	475,082	-	-	335,229	810,311
Computer equipment	425,795	-	-	305,966	731,761
Food service equipment	17,056	-	-	-	17,056
Total depreciable capital assets	<u>17,274,428</u>	<u>140,831</u>	<u>-</u>	<u>16,109,329</u>	<u>33,524,588</u>
Less: accumulated depreciation:					
Buildings	(1,390,991)	(749,639)	-	-	(2,140,630)
Improvements	(610,434)	(52,309)	-	-	(662,743)
Furniture and fixtures	(411,344)	(35,934)	-	-	(447,278)
Computer equipment	(425,795)	(41,926)	-	-	(467,721)
Food service equipment	(17,056)	-	-	-	(17,056)
Total accumulated depreciation	<u>(2,855,620)</u>	<u>(879,808)</u>	<u>-</u>	<u>-</u>	<u>(3,735,428)</u>
Net depreciable capital assets	<u>14,418,808</u>	<u>(738,977)</u>	<u>-</u>	<u>16,109,329</u>	<u>29,789,160</u>
Total capital assets, net	<u>\$ 32,329,340</u>	<u>\$ 3,893,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,222,691</u>

Depreciation expense was not charged to activities as the School considers its assets to impact multiple activities and allocation is not practical.

NOTE 5 –LEASES

The School has entered into a non-cancelable operating lease agreement for campus facilities and office equipment. This lease agreement has a term of 7 years, with certain options for renewal. The terms also include various escalating payment arrangements with payments ranging from \$6,882 to \$7,559 per month.

The School has also entered into various non-cancelable operating lease agreements for office equipment. These lease agreements have terms ranging from 5 to 6 years and include monthly payments ranging from approximately \$600 to \$2,900.

At the time of the initial measurement, there were no stated interest rates specified in the School's various non-cancelable lease agreements; therefore, the School used an incremental interest rates ranging from 3-8% based on market conditions at the start of the lease.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 5 –LEASES (Continued)

A summary of changes in capital assets from governmental activities for the year ended June 30, 2024 is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Intangible lease asset - buildings	\$ 408,909	\$ -	\$ -	\$ 408,909
Intangible lease asset - equipment	154,919	456,864	(135,247)	476,536
Accumulated amortization	<u>(183,236)</u>	<u>(147,477)</u>	<u>-</u>	<u>(330,713)</u>
	<u>\$ 380,592</u>	<u>\$ 309,387</u>	<u>\$ (135,247)</u>	<u>\$ 554,732</u>

Annual requirements to amortize lease obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 162,803	\$ 29,977
2026	170,977	21,801
2027	87,669	14,398
2028	94,054	8,013
2029	58,263	1,886
2030	3,073	25

NOTE 6 – LONG-TERM BOND OBLIGATIONS

The School is party to a number of education revenue bonds issued by the Public Finance Authority to finance the acquisition and/or construction of certain of the School’s campus facilities. The bonds are secured by a pledge of the School’s gross revenues to cover any outstanding principal and interest obligations. The education revenue bonds issued in current and prior years and reported as liabilities in the School’s governmental activities are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Date of</u>		<u>Interest Rates</u>
		<u>Final</u>	<u>Original Issue</u>	
		<u>Maturity</u>	<u>Amount</u>	
2019A	12/5/2019	6/1/2050	\$ 13,845,000	5.00%
2021A	11/9/2021	6/1/2061	8,155,000	4.00%
2021B	11/9/2021	6/1/2026	360,000	4.20%
2022A	8/31/2022	6/1/2062	18,200,000	5.75%
2022B	8/31/2022	6/1/2029	505,000	6.25%

The 2019 bond series was used to finance the High School Project and various costs associated with a prior project. The 2021 bond series was used to finance the South Elementary School Project, the High School Project, and various facility improvements. The 2022 bond series was used to finance the Sky Mountain Campus Project.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 6 – LONG-TERM BOND OBLIGATIONS (Continued)

A summary of the School’s education revenue bond obligation activity for the year ended June 30, 2024 is as follows:

Series	Beginning				Principal Due within One Year	Interest Due within One Year
	Balance	Additions	Payments	Ending Balance		
2019A	\$ 13,765,000	\$ -	\$ (250,000)	\$ 13,515,000	\$ 265,000	\$ 688,250
2021A	8,155,000	-	-	8,155,000	-	326,200
2021B	265,000	-	(95,000)	170,000	100,000	11,130
2022A	18,200,000	-	-	18,200,000	-	31,563
2022B	505,000	-	-	505,000	-	1,071,244
	<u>\$ 40,890,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	<u>\$ 40,545,000</u>	<u>\$ 365,000</u>	<u>\$ 2,128,387</u>

The School’s debt service requirements for maturities of the educational revenue bonds are as follows:

Year Ended June 30:	Total Debt Service		
	Principal	Interest	
2025	\$ 365,000	\$ 2,111,897	\$ 2,476,897
2026	385,000	2,094,447	2,479,447
2027	565,000	2,076,107	2,641,107
2028	595,000	2,046,894	2,641,894
2029	625,000	2,016,107	2,641,107
2030-2034	3,645,000	9,576,969	13,221,969
2035-2039	4,625,000	8,586,151	13,211,151
2040-2044	5,930,000	7,288,269	13,218,269
2045-2049	7,600,000	5,607,501	13,207,501
2050-2054	5,725,000	3,733,519	9,458,519
2055-2059	6,275,000	2,239,700	8,514,700
2060-2064	4,210,000	464,200	4,674,200

NOTE 7 – DEFINED BENEFITS PENSION PLAN

Plan Description

The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all employees considered to be full-time equivalents (FTE) of 50% or more are covered under the system.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Plan Description (Continued)

The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months, with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575-.579

Vesting

Members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service for members enrolled prior to January 1, 2010. Members enrolled on or after January 1, 2010 are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, and at any age with 30 years of service. Members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, at age 55 with 30 years of service, or any age with 33 1/3 years of service. The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan, a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Contributions (Continued)

The System’s basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee’s working lifetime in order to accumulate sufficient assets to pay benefits when due. Although the System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and results in a relatively level long-term contribution requirement as a percentage of salary. For the year ended June 30, 2023, the statutory Employee/Employer Contribution plan matching rate was 15.50% while the employer-pay contribution rate was 29.75%.

Investment Policy

The System’s policies which determine the investment portfolio target asset allocation are established by the Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Retirement Board’s adopted policy target asset allocation as of June 30, 2023:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.50%
Domestic fixed income	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2023, PERS’ long-term inflation assumption was 2.50%.

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net pension liability	26,877,950	17,272,117	9,344,485

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Actuarial Assumptions

The System’s 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 total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuation

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of the experience study completed for the period of July 1, 2016 through June 30, 2020. The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except the projected contributions are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumption, the pension plan’s 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 as of June 30, 2023.

Pension Liabilities, Pension Expense, and Related Deferred Inflows and Outflows of Resources

At June 30, 2024, the School reported a liability of \$17,272,117 for its proportionate share of the net pension liability. At June 30, 2023, the School’s proportion was 0.09463%. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. Each employer’s proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2023, actuarially determined.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 7 – DEFINED BENEFITS PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Related Deferred Inflows and Outflows of Resources

At June 30, 2023, the School reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,251,315	\$ -
Change in assumptions	1,618,726	-
Net difference between projected and actual investment earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,722,618	161,667
Contributions subsequent to the measurement date	1,562,728	67,728
	<u>\$ 7,155,387</u>	<u>\$ 229,395</u>

Amounts reported as deferred outflows and deferred inflows of resources, without regard to the contributions subsequent to the measurement date, related to pensions will be recognized in pension expense as follows for the years ended June 30:

2025	\$ 602,549
2026	530,733
2027	2,247,479
2028	245,850
2029	81,763

The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflow and deferred inflows will be recognized over the average expected remaining service lives, which was 5.63 years for the measurement period ending June 30, 2023.

Pension Plan Fiduciary Net Position

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications. That report may also be obtained by writing to Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703 or by calling 775-687-4200.

CORAL ACADEMY OF SCIENCE RENO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 8 – NET POSITION RECONCILIATION FOR GASB 68

The following reconciles the net position from the government-wide financial statements to an adjusted net position, which excludes balances directly related to GASB 68 pension reporting requirements, as of June 30, 2024:

Net position including GASB 68 adjustment	\$ (6,627,835)
Add: net pension liability	17,272,117
Add: deferred inflows of resources	229,395
Less: deferred outflows of resources	<u>(7,155,387)</u>
Net position without GASB 68 adjustment	<u><u>\$ 3,718,290</u></u>

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 18, 2024, which is the date the financial statements were available to be issued. No additional events were identified that would require additional disclosure.

SUPPLEMENTARY INFORMATION

**CORAL ACADEMY OF SCIENCE RENO
BUDGET COMPARISON SCHEDULE
MODIFIED ACCRUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Favorable / (Unfavorable)	Percentage
REVENUE				
Local revenue sources	\$ 1,307,622	\$ 1,579,005	271,383	21%
State revenue sources	19,016,020	19,008,500	(7,520)	0%
Federal revenue sources	348,633	267,106	(81,527)	-23%
Total revenue	<u>20,672,275</u>	<u>20,854,611</u>	<u>182,336</u>	<u>1%</u>
EXPENDITURES				
Regular programs:				
Instruction	11,014,450	10,250,006	764,444	7%
Support services	4,933,312	5,429,496	(496,184)	-10%
Total regular programs	<u>15,947,762</u>	<u>15,679,502</u>	<u>268,260</u>	<u>2%</u>
Special programs:				
Instruction	1,111,364	1,342,045	(230,681)	-21%
Support services	743,412	523,374	220,038	30%
Total special programs	<u>1,854,776</u>	<u>1,865,419</u>	<u>(10,643)</u>	<u>-1%</u>
Other:				
Capital outlay	6,000	4,773,159	(4,767,159)	-79453%
Debt service	2,611,901	2,624,790	(12,889)	0%
Total other	<u>2,617,901</u>	<u>7,397,949</u>	<u>(4,780,048)</u>	<u>-183%</u>
Total expenditures	<u>20,420,439</u>	<u>24,942,870</u>	<u>(4,522,431)</u>	<u>-22%</u>
Excess (deficiency) of revenue over expenditures	251,836	(4,088,259)	(4,340,095)	-1723%
FUND BALANCE, beginning of year	<u>13,176,757</u>	<u>13,176,757</u>	-	0%
FUND BALANCE, end of year	<u><u>13,428,593</u></u>	<u><u>9,088,498</u></u>	<u><u>(4,340,095)</u></u>	<u><u>-32%</u></u>

See independent auditor's report.

**CORAL ACADEMY OF SCIENCE RENO
SUPPLEMENTAL PENSION INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Measurement date of June 30*:	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered- employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.05266%	\$ 5,488,609	\$ 3,319,938	165.3%	76.3%
2015	0.05648%	\$ 6,472,471	\$ 4,174,809	155.0%	75.1%
2016	0.06628%	\$ 8,919,836	\$ 4,139,373	215.5%	72.2%
2017	0.07263%	\$ 9,659,244	\$ 4,716,088	204.8%	74.2%
2018	0.07689%	\$ 10,486,101	\$ 5,211,677	201.2%	75.2%
2019	0.07677%	\$ 10,467,665	\$ 5,476,936	191.1%	76.5%
2020	0.07966%	\$ 11,094,722	\$ 5,633,198	197.0%	77.0%
2021	0.07874%	\$ 7,180,660	\$ 5,520,659	130.1%	86.5%
2022	0.00846%	\$ 15,278,627	\$ 6,230,179	245.2%	75.1%
2023	0.09463%	\$ 17,272,117	\$ 7,198,006	240.0%	76.2%

See independent auditor's report.

**CORAL ACADEMY OF SCIENCE RENO
 SUPPLEMENTAL CONTRIBUTION SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fiscal year ended June 30:*	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2015	\$ 662,855	\$ 662,855	\$ -	\$ 4,174,809	15.9%
2016	\$ 672,042	\$ 672,042	\$ -	\$ 4,139,373	16.2%
2017	\$ 875,858	\$ 875,858	\$ -	\$ 4,716,088	18.6%
2018	\$ 713,311	\$ 713,311	\$ -	\$ 5,211,677	13.7%
2019	\$ 753,207	\$ 753,207	\$ -	\$ 5,476,936	13.8%
2020	\$ 830,203	\$ 830,203	\$ -	\$ 5,633,198	14.7%
2021	\$ 818,373	\$ 818,373	\$ -	\$ 5,520,659	14.8%
2022	\$ 948,028	\$ 948,028	\$ -	\$ 6,230,179	15.2%
2023	\$ 1,100,859	\$ 1,100,859	\$ -	\$ 7,198,006	15.3%
2024	\$ 1,562,728	\$ 1,562,728	\$ -	\$ 9,080,167	17.2%

See independent auditor's report.

**CORAL ACADEMY OF SCIENCE RENO
FINANCIAL STATEMENT AUDIT RESULTS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

1	School name	Coral Academy of Science Reno
2	School year ended	2024
3	Year of operations	2007
4	Independent auditor	Velez & Hardy, LLC
5	Cash	9,037,895
6	Current assets	10,635,340
7	Noncurrent assets	36,780,383
8	Deferred outflows	7,155,387
9	Current liabilities	2,077,605
10	Noncurrent liabilities	58,891,945
11	PERS pension liability	17,272,117
12	Deferred inflows	229,395
13	Revenues	20,854,611
14	Expenditures	22,203,417
15	Annual principal	527,803
16	Interest expense	2,141,874
17	Depreciation expense	879,808
18	Outstanding loan	Yes
19	Debt default	No

**CORAL ACADEMY OF SCIENCE RENO
SCHEDULE OF FINANCIAL PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Standard:</u>	<u>Result:</u>	<u>Meets or Exceeds?</u>
<i>Near-Term Financial Indicators:</i>			
Current ratio	1.1 or greater	5.1	YES
Unrestricted days cash-on-hand	60 days or more	75	YES
Debt default	Should be NO	NO	YES
<i>Sustainability Indicators:</i>			
Aggregate 3 year total margin	Positive	-2.46%	NO
Current year total margin	Positive	0.86%	YES
Debt-to-asset ratio (net of pension liability)	0.90 or less	0.92	NO
Multi-year cash flow	Positive	1,009,881	YES
One-year cash flow	Positive	(6,177,445)	NO
Debt-service coverage ratio (net of GASB 68 pension adjustment)	1.1 or greater	1.23	YES

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

To the Governing Body and Management
Coral Academy of Science Reno

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 the governmental activities and each major fund of Coral Academy of Science Reno (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Velez & Hardy

Las Vegas, Nevada
October 18, 2024

**CORAL ACADEMY OF SCIENCE RENO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

No reportable findings were identified.