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# Oakland Academy

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**Financial Report  
with Supplementary Information  
June 30, 2026**

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## **Independent Auditor's Report**

To the Board of Directors  
Oakland Academy

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

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Oakland Academy (the "Academy") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Oakland Academy's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Oakland Academy as of June 30, 2026 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 Academy's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

To the Board of Directors  
Oakland Academy

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland Academy's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors  
Oakland Academy

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026 on our consideration of Oakland Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Oakland Academy'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 Oakland Academy's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

October 15, 2026

This section of Oakland Academy's (the "Academy") annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2026. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

### ***Overview of the Financial Statements***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Oakland Academy financially as a whole. The academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the academy-wide financial statements by providing information about the Academy's most significant fund, the General Fund. This report is composed of the following elements:

#### **Management's Discussion and Analysis (MD&A) (Required Supplementary Information)**

##### **Basic Financial Statements**

Academy-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

##### **Required Supplementary Information**

Budgetary Comparison Schedule - General Fund

Note to the Required Supplementary Information

##### **Other Supplementary Information**

### ***Reporting the Academy as a Whole - Academy-wide Financial Statements***

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Academy's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy.

The statement of net position and the statement of activities report the governmental activities for the Academy, which encompass all of the Academy's services, including instruction, support services, and food services. Unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

**Reporting the Academy's Fund Financial Statements**

The Academy's fund financial statements provide detailed information about the most significant funds, not the Academy as a whole. Some funds are required to be established by state law. The governmental funds of the Academy use the following accounting approach:

**Governmental Funds**

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

**Overall Financial Summary**

Recall that the statement of net position provides the perspective of the Academy as a whole. The following table provides a summary of the Academy's net position as of June 30, 2026 and 2025:

|                                  | Governmental Activities |                 |
|----------------------------------|-------------------------|-----------------|
|                                  | 2026                    | 2025            |
|                                  | (in thousands)          |                 |
| <b>Assets</b>                    |                         |                 |
| Current and other assets         | \$ 503.3                | \$ 729.4        |
| Capital assets                   | 3,398.6                 | 1.8             |
| Total assets                     | 3,901.9                 | 731.2           |
| <b>Liabilities</b>               |                         |                 |
| Current liabilities              | 241.1                   | 275.6           |
| Noncurrent liabilities           | 3,358.2                 | 0.7             |
| Total liabilities                | 3,599.3                 | 276.3           |
| <b>Net Position</b>              |                         |                 |
| Net investment in capital assets | 40.4                    | (0.1)           |
| Restricted                       | 76.2                    | 67.9            |
| Unrestricted                     | 186.0                   | 387.1           |
| Total net position               | <b>\$ 302.6</b>         | <b>\$ 454.9</b> |

The above analysis focuses on net position. The change in net position of the Academy's governmental activities is discussed below. The Academy's net position was approximately \$302,600 at June 30, 2026. Net investment in capital assets totaling approximately \$40,400 compares the original cost, less depreciation and amortization of the Academy's capital assets, to long-term debt used to finance the acquisition of those assets. With the exception of the restricted food service and student activities net position of approximately \$55,100 and \$21,100, respectively, the remaining amount of net position was unrestricted.

The approximately \$186,000 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

## Management's Discussion and Analysis (Continued)

The results of this year's operations for the Academy as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2026 and 2025:

|                                                     | Governmental Activities |                 |
|-----------------------------------------------------|-------------------------|-----------------|
|                                                     | 2026                    | 2025            |
|                                                     | (in thousands)          |                 |
| <b>Revenue</b>                                      |                         |                 |
| Program revenue:                                    |                         |                 |
| Charges for services                                | \$ 10.2                 | \$ 15.4         |
| Operating grants                                    | 466.0                   | 389.9           |
| General revenue:                                    |                         |                 |
| State aid not restricted to specific purposes       | 1,354.7                 | 1,463.6         |
| Other                                               | 125.0                   | 165.7           |
| Total revenue                                       | 1,955.9                 | 2,034.6         |
| <b>Expenses</b>                                     |                         |                 |
| Instruction                                         | 718.1                   | 709.8           |
| Support services                                    | 1,095.2                 | 1,054.2         |
| Food services                                       | 101.5                   | 110.2           |
| Debt service                                        | 158.5                   | 0.2             |
| Depreciation and amortization expense (unallocated) | 34.9                    | 1.1             |
| Total expenses                                      | 2,108.2                 | 1,875.5         |
| <b>Change in Net Position</b>                       | (152.3)                 | 159.1           |
| <b>Net Position - Beginning of year</b>             | 454.9                   | 295.8           |
| <b>Net Position - End of year</b>                   | <b>\$ 302.6</b>         | <b>\$ 454.9</b> |

As reported in the statement of activities, the cost of all of our governmental activities this year was approximately \$2,108,200. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions of approximately \$476,200. We paid for the remaining public benefit portion of our governmental activities with approximately \$1,479,800 in state foundation allowance and other revenue (i.e., interest and general entitlements).

The Academy experienced an decrease in net position of approximately \$152,300.

As discussed above, the net cost shows the financial burden that was placed on the State by each of these functions. Since unrestricted state aid constitutes the vast majority of academy operating revenue sources, the board of directors and administration must annually evaluate the needs of the Academy and balance those needs with state-prescribed available unrestricted resources.

### **Financial Summary of Individual Funds**

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Academy is being accountable for the resources the State and others provide to it and may provide more insight into the Academy's overall financial health.

As the Academy completed this year, the governmental funds reported a combined fund balance of \$262,210, which is a decrease of \$192,785 from last year.

In the General Fund, our principal operating fund, the fund balance decreased by \$201,101 from the prior year. The decrease was primarily attributable to the purchase of the building and related costs for repairs, renovations, and updates necessary for facility use. These expenditures resulted in notable changes to the maintenance and operations expenditures.

In addition, following the fall student count, management reviewed and adjusted the budget to reflect updated pupil enrollment and the resulting state revenue expectations. These adjustments were made to align anticipated revenue with actual enrollment levels while maintaining other expenditures in line with management's expectations and the Academy's operational needs. This proactive budget management helped ensure that spending remained consistent with anticipated resources and enrollment levels while accommodating the one-time costs associated with the building acquisition and improvements.

**Significant Capital Asset and Long-term Financing Activity**

**Capital Assets**

As of June 30, 2026, the Academy had \$3,398,554 invested in capital assets, including computers, equipment, land, and buildings. This amount represents a net increase (including additions, depreciation, and amortization) of \$3,396,802 from last year.

We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

At the end of this year, the Academy had \$3,358,160 of debt outstanding versus \$1,832 in the previous year. The debt consisted of the following:

|                                                       | 2026                | 2025            |
|-------------------------------------------------------|---------------------|-----------------|
| Notes payable and other debt - Net of current portion | \$ 3,339,301        | \$ 700          |
| Current portion of notes payable and other debt       | 18,859              | 1,132           |
| Total                                                 | <u>\$ 3,358,160</u> | <u>\$ 1,832</u> |

We present more detailed information about our long-term liabilities in the notes to the financial statements.

**Currently Known Facts, Decisions, or Conditions**

Our elected officials and administration consider many factors when setting the Academy's 2026-2027 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2026-2027 budget was adopted in June 2026 based on an estimate of students who will enroll in September 2026. Approximately 88.8 percent of total General Fund revenue is from the foundation allowance. Under state law, the Academy cannot access additional property tax revenue for general operations. As a result, the Academy's funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2026-2027 school year, we anticipate that the fall student count will not exceed the estimates used in creating the 2026-2027 budget. Once the final student count and related per pupil funding are validated on the December Status report, management will provide an updated proposed budget to the Board of Directors for approval. State law requires the Academy to amend the budget if actual academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the Academy. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, there would be an increase of approximately \$250 per pupil. The Academy adopted its 2026-2027 budget, including a \$250 per pupil increase, based on the estimate from the State.

**Statement of Net Position**
**June 30, 2026**
**Governmental  
Activities**
**Assets**

|                                               |                  |
|-----------------------------------------------|------------------|
| Cash (Note 4)                                 | \$ 164,189       |
| Receivables:                                  |                  |
| Other receivables                             | 241              |
| Due from other governments                    | 295,732          |
| Prepaid expenses and other assets             | 43,189           |
| Capital assets:                               |                  |
| Assets not subject to depreciation (Note 5)   | 576,317          |
| Assets subject to depreciation - Net (Note 5) | <u>2,822,237</u> |
| Total assets                                  | 3,901,905        |

**Liabilities**

|                                       |                  |
|---------------------------------------|------------------|
| Accounts payable                      | 9,810            |
| Accrued liabilities and other         | 200,078          |
| State aid anticipation note (Note 13) | 25,947           |
| Unearned revenue (Note 6)             | 5,306            |
| Noncurrent liabilities:               |                  |
| Due within one year (Note 8)          | 18,859           |
| Due in more than one year (Note 8)    | <u>3,339,301</u> |
| Total liabilities                     | <u>3,599,301</u> |

**Net Position**

|                                  |                          |
|----------------------------------|--------------------------|
| Net investment in capital assets | 40,394                   |
| Restricted                       | 76,221                   |
| Unrestricted                     | <u>185,989</u>           |
| Total net position               | <u><u>\$ 302,604</u></u> |

**Statement of Activities**

**Year Ended June 30, 2026**

|                                                     | Program Revenue     |                      |                                    | Governmental                                      |
|-----------------------------------------------------|---------------------|----------------------|------------------------------------|---------------------------------------------------|
|                                                     | Expenses            | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
| <b>Functions/Programs</b>                           |                     |                      |                                    |                                                   |
| Primary government - Governmental activities:       |                     |                      |                                    |                                                   |
| Instruction                                         | \$ 718,143          | \$ -                 | \$ 271,721                         | \$ (446,422)                                      |
| Support services                                    | 1,095,153           | 10,188               | 66,075                             | (1,018,890)                                       |
| Food services                                       | 101,538             | -                    | 128,190                            | 26,652                                            |
| Interest                                            | 158,481             | -                    | -                                  | (158,481)                                         |
| Depreciation and amortization expense (unallocated) | 34,931              | -                    | -                                  | (34,931)                                          |
| Total primary government                            | <b>\$ 2,108,246</b> | <b>\$ 10,188</b>     | <b>\$ 465,986</b>                  | (1,632,072)                                       |
| General revenue:                                    |                     |                      |                                    |                                                   |
| State aid not restricted to specific purposes       |                     |                      |                                    | 1,354,674                                         |
| County-wide enhancement millage                     |                     |                      |                                    | 114,996                                           |
| Other local revenue                                 |                     |                      |                                    | 10,091                                            |
| Total general revenue                               |                     |                      |                                    | 1,479,761                                         |
| <b>Change in Net Position</b>                       |                     |                      |                                    | (152,311)                                         |
| <b>Net Position - Beginning of year</b>             |                     |                      |                                    | 454,915                                           |
| <b>Net Position - End of year</b>                   |                     |                      |                                    | <b>\$ 302,604</b>                                 |

**Governmental Funds  
Balance Sheet**
**June 30, 2026**

|                                                  | General Fund      | Nonmajor Funds   | Total<br>Governmental<br>Funds |
|--------------------------------------------------|-------------------|------------------|--------------------------------|
| <b>Assets</b>                                    |                   |                  |                                |
| Cash (Note 4)                                    | \$ 142,402        | \$ 21,787        | \$ 164,189                     |
| Receivables:                                     |                   |                  |                                |
| Other receivables                                | 241               | -                | 241                            |
| Due from other governments                       | 295,732           | -                | 295,732                        |
| Due from other funds (Note 7)                    | -                 | 55,076           | 55,076                         |
| Prepaid expenses and other assets                | 43,189            | -                | 43,189                         |
| Total assets                                     | <b>\$ 481,564</b> | <b>\$ 76,863</b> | <b>\$ 558,427</b>              |
| <b>Liabilities</b>                               |                   |                  |                                |
| Accounts payable                                 | \$ 9,810          | \$ -             | \$ 9,810                       |
| Due to other funds (Note 7)                      | 54,434            | 642              | 55,076                         |
| Accrued liabilities and other                    | 200,078           | -                | 200,078                        |
| State aid anticipation note (Note 13)            | 25,947            | -                | 25,947                         |
| Unearned revenue (Note 6)                        | 5,306             | -                | 5,306                          |
| Total liabilities                                | 295,575           | 642              | 296,217                        |
| <b>Fund Balances</b>                             |                   |                  |                                |
| Nonspendable - Prepaid expenses and other assets | 43,189            | -                | 43,189                         |
| Restricted:                                      |                   |                  |                                |
| Food service                                     | -                 | 55,076           | 55,076                         |
| Student activities                               | -                 | 21,145           | 21,145                         |
| Unassigned                                       | 142,800           | -                | 142,800                        |
| Total fund balances                              | 185,989           | 76,221           | 262,210                        |
| Total liabilities and fund balances              | <b>\$ 481,564</b> | <b>\$ 76,863</b> | <b>\$ 558,427</b>              |

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**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

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**June 30, 2026**

|                                                                                                                                |                          |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>                                                                            | <b>\$ 262,210</b>        |
| Amounts reported for governmental activities in the statement of net position are different because:                           |                          |
| Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds: |                          |
| Cost of assets                                                                                                                 | 3,457,993                |
| Accumulated depreciation and amortization                                                                                      | <u>(59,439)</u>          |
| Net capital assets and lease assets used in governmental activities                                                            | 3,398,554                |
| Notes payable and lease liabilities are not due and payable in the current period and are not reported in the funds            | <u>(3,358,160)</u>       |
| <b>Net Position of Governmental Activities</b>                                                                                 | <b><u>\$ 302,604</u></b> |

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2026**

|                                                                  | General Fund      | Formerly Major<br>- Food Service<br>Fund | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------|-------------------|------------------------------------------|-------------------|--------------------------------|
| <b>Revenue</b>                                                   |                   |                                          |                   |                                |
| Local sources                                                    | \$ 10,091         | \$ -                                     | \$ 10,188         | \$ 20,279                      |
| State sources                                                    | 1,587,886         | -                                        | 55,581            | 1,643,467                      |
| Federal sources                                                  | 104,584           | -                                        | 72,609            | 177,193                        |
| Interdistrict sources                                            | 114,996           | -                                        | -                 | 114,996                        |
| Total revenue                                                    | 1,817,557         | -                                        | 138,378           | 1,955,935                      |
| <b>Expenditures</b>                                              |                   |                                          |                   |                                |
| Current:                                                         |                   |                                          |                   |                                |
| Instruction:                                                     |                   |                                          |                   |                                |
| Basic programs                                                   | 519,343           | -                                        | -                 | 519,343                        |
| Added needs                                                      | 198,800           | -                                        | -                 | 198,800                        |
| Support services:                                                |                   |                                          |                   |                                |
| Pupil                                                            | 52,986            | -                                        | 4,581             | 57,567                         |
| Instructional staff                                              | 5,654             | -                                        | -                 | 5,654                          |
| General administration                                           | 296,241           | -                                        | 13,620            | 309,861                        |
| School administration                                            | 193,546           | -                                        | -                 | 193,546                        |
| Business                                                         | 11,809            | -                                        | -                 | 11,809                         |
| Operations and maintenance                                       | 369,121           | -                                        | -                 | 369,121                        |
| Central                                                          | 98,638            | -                                        | -                 | 98,638                         |
| Other                                                            | -                 | -                                        | 10,323            | 10,323                         |
| Food services                                                    | -                 | -                                        | 101,538           | 101,538                        |
| Debt service:                                                    |                   |                                          |                   |                                |
| Principal (Note 8)                                               | 10,305            | -                                        | -                 | 10,305                         |
| Interest                                                         | 158,481           | -                                        | -                 | 158,481                        |
| Capital outlay                                                   | 3,470,367         | -                                        | -                 | 3,470,367                      |
| Total expenditures                                               | 5,385,291         | -                                        | 130,062           | 5,515,353                      |
| <b>Excess of Revenue (Under) Over Expenditures</b>               | (3,567,734)       | -                                        | 8,316             | (3,559,418)                    |
| <b>Other Financing Sources</b>                                   |                   |                                          |                   |                                |
| Face value of debt issued (Note 8)                               | 3,325,000         | -                                        | -                 | 3,325,000                      |
| Leases entered into                                              | 41,633            | -                                        | -                 | 41,633                         |
| Total other financing sources                                    | 3,366,633         | -                                        | -                 | 3,366,633                      |
| <b>Net Change in Fund Balances</b>                               | (201,101)         | -                                        | 8,316             | (192,785)                      |
| <b>Fund Balances</b> - Beginning of year, as previously reported | 387,090           | 46,625                                   | 21,280            | 454,995                        |
| <b>Change within Financial Reporting Entity</b> (Note 2)         | -                 | (46,625)                                 | 46,625            | -                              |
| <b>Fund Balances</b> - Beginning of year, as restated            | 387,090           | -                                        | 67,905            | 454,995                        |
| <b>Fund Balances</b> - End of year                               | <u>\$ 185,989</u> | <u>\$ -</u>                              | <u>\$ 76,221</u>  | <u>\$ 262,210</u>              |

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**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

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**Year Ended June 30, 2026**

**Net Change in Fund Balances Reported in Governmental Funds** **\$ (192,785)**

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation or amortization:

|                                       |           |
|---------------------------------------|-----------|
| Capitalized capital outlay            | 3,431,733 |
| Depreciation and amortization expense | (34,931)  |

|                                                                                                                                                                      |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Issuing debt and entering into leases provide current financial resources to governmental funds, but increase long-term liabilities in the statement of net position | (3,366,633) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                                                                                                                                                               |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Repayment of note principal and lease liabilities is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt and lease liabilities) | 10,305 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                          |                            |
|----------------------------------------------------------|----------------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>\$ <u>(152,311)</u></b> |
|----------------------------------------------------------|----------------------------|

**June 30, 2026****Note 1 - Nature of Business**

Oakland Academy (the "Academy") is an academy in the state of Michigan that provides educational services to students.

**Note 2 - Significant Accounting Policies*****Accounting and Reporting Principles***

The Academy follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Academy:

***Reporting Entity***

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

The Academy operates under a contract with Grand Valley State University to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. The Grand Valley State University board of trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy underwent a reauthorization process to extend the charter to June 30, 2030.

The Academy pays the Grand Valley State University board of trustees 3.0 percent of state aid as administrative fees. The total administrative fees for the year ended June 30, 2026 to the Grand Valley State University board of trustees were approximately \$38,200. Approximately \$7,000 of these fees were payable by the Academy at June 30, 2026.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the academy-wide perspective and the fund-based perspective. The academy-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. The academy-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted intergovernmental receipts and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the academy-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**June 30, 2026****Note 2 - Significant Accounting Policies (Continued)*****Fund Accounting***

The Academy accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Academy to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund type:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Academy reports the following fund as major governmental funds:

- The General Fund is the primary operating fund. It accounts for all financial resources of the Academy.

Additionally, the Academy reports the following nonmajor governmental fund type:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Academy's nonmajor special revenue funds are the Student Activities and Food Service funds. The Student Activities Fund is maintained to record the transactions of student groups for school and school-related purposes. The Food Service Fund is used to account for the food service program operations. The special revenue funds are a subsidiary operation and are obligations of the General Fund. Therefore, any shortfall in the special revenue funds will be covered by an operating transfer from the General Fund.

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Academy has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Academy considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

**Interfund Activity**

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the academy-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

June 30, 2026

**Note 2 - Significant Accounting Policies (Continued)**

Furthermore, certain activity occurs during the year involving transfers and resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

***Specific Balances and Transactions*****Cash**

Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both academy-wide and fund financial statements, when applicable.

**Capital Assets**

Capital assets, which include computers, equipment, buildings, and land, are reported in the applicable governmental activities column in the academy-wide financial statements. Capital assets also include leased assets of the accounting for which is further defined in the leases paragraphs that follow. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Academy does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

|                          | Depreciable Life -<br>Years |
|--------------------------|-----------------------------|
| Building                 | 50                          |
| Furniture and equipment  | 5-10                        |
| Lease assets - Equipment | 5                           |

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The General Fund is generally used to liquidate governmental long-term debt.

**Net Position**

Net position of the Academy is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Note 2 - Significant Accounting Policies (Continued)****Net Position Flow Assumption**

The Academy will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the academy-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The Academy will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the Academy that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Academy has, by resolution, authorized the finance director to assign fund balance. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Grants and Contributions**

The Academy receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as noncapital subsidies revenue. Amounts restricted to capital acquisitions are reported as other nonoperating revenue.

**June 30, 2026****Note 2 - Significant Accounting Policies (Continued)****Leases**

The Academy is a lessee for a noncancelable lease of its building and copiers. The Academy recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental activities column in the academy-wide financial statements. The Academy recognizes lease assets and liabilities with an initial value of \$1,000 or more.

At the commencement of a lease, the Academy initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Accounting Changes****Adoption of New Accounting Pronouncement**

During the current year, the Academy adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The new accounting standard impacted the organization and disclosure requirements of management's discussion and analysis and budgetary comparison disclosures in the required supplementary information. The implementation of this standard did not result in a change to the Academy's financial statements.

**Changes to or within the Financial Reporting Entity****Change in Major Funds**

The Food Service Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2026. The effects of this change in major funds are shown in the table at the end of this section.

June 30, 2026

**Note 2 - Significant Accounting Policies (Continued)***Adjustments to and Restatements of Beginning Balances*

During fiscal year 2026, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

|                                    | June 30, 2025          |                                                    | June 30, 2025     |
|------------------------------------|------------------------|----------------------------------------------------|-------------------|
|                                    | As Previously Reported | Change to or within the Financial Reporting Entity | As Restated       |
| Governmental funds:                |                        |                                                    |                   |
| Major funds:                       |                        |                                                    |                   |
| General Fund                       | \$ 387,090             | \$ -                                               | \$ 387,090        |
| Formerly major - Food Service Fund | 46,625                 | (46,625)                                           | -                 |
| Nonmajor funds                     | 21,280                 | 46,625                                             | 67,905            |
| Total governmental funds           | <u>\$ 454,995</u>      | <u>\$ -</u>                                        | <u>\$ 454,995</u> |

**Upcoming Accounting Pronouncement**

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2027.

**Note 3 - Stewardship, Compliance, and Accountability****Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and the special revenue fund, except that capital outlay expenditures are budgeted in other expenditure categories. Capital outlay expenditures are included in the functional categories to which they relate in accordance with the adopted budget of the Academy. Capital outlay is presented separately on the statement of revenue, expenditures, and changes in fund balances. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits academies to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. Amendments were made during the year to refine enrollment and related spending projections.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

June 30, 2026

**Note 4 - Deposits**

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy does not currently hold any investments. The Academy's deposits are in accordance with statutory authority.

The Academy has designated three banks for the deposit of its funds.

The Academy's cash is subject to one type of risk, which is examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy evaluates its depositories, and only those with an acceptable risk level are used for the Academy's deposits. At June 30, 2026, the Academy has no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

At year end, the Academy's deposits were reported in the basic financial statements as cash of \$164,189.

**Note 5 - Capital Assets**

Capital asset activity of the Academy's governmental activities was as follows:

***Governmental Activities***

|                                                   | Balance<br>July 1, 2025 | Additions    | Disposals and<br>Adjustments | Balance<br>June 30, 2026 |
|---------------------------------------------------|-------------------------|--------------|------------------------------|--------------------------|
| Capital assets not being<br>depreciated - Land    | \$ -                    | \$ 576,317   | \$ -                         | \$ 576,317               |
| Capital assets being depreciated or<br>amortized: |                         |              |                              |                          |
| Buildings                                         | -                       | 2,813,783    | -                            | 2,813,783                |
| Computers and equipment                           | 22,941                  | -            | -                            | 22,941                   |
| Lease assets - Equipment                          | 3,319                   | 41,633       | -                            | 44,952                   |
| Subtotal                                          | 26,260                  | 2,855,416    | -                            | 2,881,676                |
| Accumulated depreciation and<br>amortization:     |                         |              |                              |                          |
| Buildings                                         | -                       | 28,138       | -                            | 28,138                   |
| Computers and equipment                           | 22,941                  | -            | -                            | 22,941                   |
| Lease assets - Equipment                          | 1,567                   | 6,793        | -                            | 8,360                    |
| Subtotal                                          | 24,508                  | 34,931       | -                            | 59,439                   |
| Net governmental activities<br>capital assets     | \$ 1,752                | \$ 3,396,802 | \$ -                         | \$ 3,398,554             |

Depreciation and amortization expense was not allocated to activities, as the Academy's assets benefit multiple activities, and allocation is not practical.

The Academy purchased its educational facilities and related property. The total acquisition price was \$3,390,100 and included land and buildings. The acquisition closed on October 15, 2025 and was financed primarily through a promissory note described in Note 8. The acquired assets were recorded at their estimated acquisition value and are included in capital assets as of June 30, 2026.

June 30, 2026

**Note 6 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2026, the Academy had no unavailable revenue and \$5,306 of unearned revenue primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

**Note 7 - Interfund Receivables and Payables**

The Food Service Fund has amounts due from the General Fund and Student Activities Fund totaling \$54,434 and \$642, respectively, related to the time lag between the dates that reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

**Governmental Activities**

|                                                 | Beginning<br>Balance | Additions           | Reductions         | Ending Balance      | Due within<br>One Year |
|-------------------------------------------------|----------------------|---------------------|--------------------|---------------------|------------------------|
| Note payable                                    | \$ -                 | \$ 3,325,000        | \$ -               | \$ 3,325,000        | \$ 6,098               |
| Leases (Note 9)                                 | 1,832                | 41,633              | (10,305)           | 33,160              | 12,761                 |
| Total governmental<br>activities long-term debt | <u>\$ 1,832</u>      | <u>\$ 3,366,633</u> | <u>\$ (10,305)</u> | <u>\$ 3,358,160</u> | <u>\$ 18,859</u>       |

On October 15, 2025, the Academy entered into a promissory note agreement with a third party to finance the acquisition of its educational facilities and associated land. The original principal balance of the note was \$3,325,000. The note bears interest at a rate of 7.375 percent through April 30, 2032 subject to future interest rate recalculation provisions. The note matures on May 1, 2042 and is secured by the acquired real estate and related assets, including an assignment of leases and rents. In addition, the Academy entered into a state school aid payment intercept arrangement whereby a portion of future state school aid payments is directed through its fiscal agent, Grand Valley State University, to the lender for debt service. Monthly interest-only payments are required through May 2027.

**Other Long-term Liabilities**

Other long-term liabilities relate to financed equipment purchases. For financial statement purposes, the present values of the net minimum lease payments have been capitalized and are being amortized over the useful lives of the assets.

June 30, 2026

**Note 8 - Long-term Debt (Continued)*****Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above note obligation are as follows:

| Years Ending<br>June 30 | Notes Payable       |                     |
|-------------------------|---------------------|---------------------|
|                         | Principal           | Interest            |
| 2027                    | \$ 6,098            | \$ 247,943          |
| 2028                    | 76,160              | 242,229             |
| 2029                    | 81,971              | 236,418             |
| 2030                    | 88,225              | 230,164             |
| 2031                    | 94,956              | 223,433             |
| 2032-2036               | 595,154             | 996,791             |
| 2037-2041               | 859,578             | 732,366             |
| 2042-2046               | 1,241,485           | 350,460             |
| Thereafter              | 281,373             | 2,412               |
| Total                   | <u>\$ 3,325,000</u> | <u>\$ 3,262,216</u> |

**Note 9 - Leases**

The Academy leases Chromebooks and copiers from a third party. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability required, as they are based on the usage of the asset.

Lease asset activity of the Academy is included in Note 5.

Future principal and interest payment requirements related to the Academy's lease liability at June 30, 2026 are as follows:

| Years Ending | Principal        | Interest        | Total            |
|--------------|------------------|-----------------|------------------|
| 2027         | \$ 12,761        | \$ 3,138        | \$ 15,899        |
| 2028         | 13,358           | 1,595           | 14,953           |
| 2029         | 4,723            | 302             | 5,025            |
| 2030         | 1,598            | 118             | 1,716            |
| 2031         | 720              | 13              | 733              |
| Total        | <u>\$ 33,160</u> | <u>\$ 5,166</u> | <u>\$ 38,326</u> |

**Note 10 - Management Agreement**

The Academy entered into a management agreement with Summit Management Consulting, LLC (Summit) that expires on June 30, 2030. Summit provides educational, administrative, financial, personnel, facility maintenance, and operational services. The Academy pays Summit a management fee equal to 12 percent of total annual revenue and reimburses Summit for approved operating costs incurred on behalf of the Academy. The Academy's board of directors retains responsibility for governance, budgeting, oversight, annual audit procurement, and compliance with applicable laws. Certain academy employees are employees of Summit Management Consulting, LLC rather than the Academy. The total management fee expensed by the Academy for the year ended June 30, 2026 was \$231,727.

**Note 11 - Related Party Transactions**

Summit Management Consulting, LLC provides management services to the Academy, as described in Note 10. The Academy's chief acting officer (the "CAO") is also a member/owner of Summit Management Consulting, LLC. The board of directors is directly responsible for appointing the management firm, and the CAO is not eligible to vote for this appointment.

**June 30, 2026****Note 12 - Risk Management**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The risk of employee injuries and medical benefits for employees of the management company is covered by the insurance held by the management company. The Academy has purchased commercial insurance for all other claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

**Note 13 - Short-term Debt*****State Aid Anticipation Note***

The Academy has direct borrowings from the Michigan Finance Authority (the "Lender") to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund. The Academy had an outstanding balance of \$26,160 at June 30, 2025 on an existing state aid anticipation note.

During the year, the Academy borrowed an additional \$250,000 in a state aid anticipation note. The Academy made total payments of \$224,053, resulting in an outstanding balance of \$25,947 at June 30, 2026. The note bears interest at 8.00 percent, is payable in monthly installments of \$26,120 beginning in October 2025, and matures in July 2026. At June 30, 2026, the Academy had no accrued interest on the note. The note was paid in full subsequent to June 30, 2026.

In the event of default, the note is fully collateralized by the Academy's future state aid funding, and the Lender has the authority to intercept state aid payments at its discretion. In the event that all or a portion of the required payments at maturity are not made, a penalty interest rate will go into effect that is equal to 3.00 percent above the interest rate stated above, and interest becomes due on demand. If the Lender has reason to believe that the Academy will be unable to fulfill the required repayments, the Lender has the sole discretion to accelerate the principal and interest repayments.

During August 2026, the Academy borrowed an additional \$250,000 in a state aid anticipation note, bearing interest at 7.50 percent and payable in monthly installments of \$26,028 beginning in October 2026. The note matures in July 2027.

**Note 14 - Retirement Plan**

The Academy participates in a defined contribution 401(k) plan sponsored by Summit Management Consulting, LLC for eligible employees. The plan permits employee salary deferrals and provides for a safe harbor nonelective employer contribution equal to 3 percent of eligible compensation. The plan also permits discretionary employer matching and profit-sharing contributions. Employer contribution expense incurred by the Academy under the plan was approximately \$28,000 for the year ended June 30, 2026.

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## Required Supplementary Information

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Required Supplementary Information  
Budgetary Comparison Schedule - General Fund

**Year Ended June 30, 2026**

|                                            | Original<br>Budget | Final Budget      | Over (Under)<br>Original<br>Budget | Actual            | Over (Under)<br>Actual |
|--------------------------------------------|--------------------|-------------------|------------------------------------|-------------------|------------------------|
| <b>Revenue</b>                             |                    |                   |                                    |                   |                        |
| Local sources                              | \$ -               | \$ 9,850          | \$ 9,850                           | \$ 10,091         | \$ 241                 |
| State sources                              | 1,915,517          | 1,590,681         | (324,836)                          | 1,587,886         | (2,795)                |
| Federal sources                            | 124,672            | 107,303           | (17,369)                           | 104,584           | (2,719)                |
| Interdistrict sources                      | 74,126             | 112,451           | 38,325                             | 114,996           | 2,545                  |
| Total revenue                              | 2,114,315          | 1,820,285         | (294,030)                          | 1,817,557         | (2,728)                |
| <b>Expenditures</b>                        |                    |                   |                                    |                   |                        |
| Current:                                   |                    |                   |                                    |                   |                        |
| Instruction:                               |                    |                   |                                    |                   |                        |
| Basic programs                             | 738,597            | 525,886           | (212,711)                          | 519,343           | (6,543)                |
| Added needs                                | 141,749            | 210,142           | 68,393                             | 198,800           | (11,342)               |
| Total instruction                          | 880,346            | 736,028           | (144,318)                          | 718,143           | (17,885)               |
| Support services:                          |                    |                   |                                    |                   |                        |
| Pupil                                      | 40,600             | 58,405            | 17,805                             | 52,986            | (5,419)                |
| Instructional staff                        | 2,119              | 7,761             | 5,642                              | 5,654             | (2,107)                |
| General administration                     | 330,946            | 305,452           | (25,494)                           | 296,241           | (9,211)                |
| School administration                      | 223,447            | 246,366           | 22,919                             | 235,179           | (11,187)               |
| Business                                   | 13,200             | 13,900            | 700                                | 11,809            | (2,091)                |
| Operations and maintenance                 | 453,000            | 3,799,957         | 3,346,957                          | 3,797,855         | (2,102)                |
| Central                                    | 85,521             | 109,761           | 24,240                             | 98,638            | (11,123)               |
| Total support services                     | 1,148,833          | 4,541,602         | 3,392,769                          | 4,498,362         | (43,240)               |
| Community services                         | -                  | 250               | 250                                | -                 | (250)                  |
| Debt service                               | 192,487            | 169,038           | (23,449)                           | 168,786           | (252)                  |
| Total expenditures                         | 2,221,666          | 5,446,918         | 3,225,252                          | 5,385,291         | (61,627)               |
| <b>Excess of Expenditures Over Revenue</b> | (107,351)          | (3,626,633)       | (3,519,282)                        | (3,567,734)       | 58,899                 |
| <b>Other Financing Sources</b>             |                    |                   |                                    |                   |                        |
| Face value of debt issued                  | -                  | 3,325,000         | 3,325,000                          | 3,325,000         | -                      |
| Leases entered into                        | -                  | 48,800            | 48,800                             | 41,633            | (7,167)                |
| Total other financing sources              | -                  | 3,373,800         | 3,373,800                          | 3,366,633         | (7,167)                |
| <b>Net Change in Fund Balance</b>          | (107,351)          | (252,833)         | (145,482)                          | (201,101)         | 51,732                 |
| <b>Fund Balance - Beginning of year</b>    | 387,090            | 387,090           | -                                  | 387,090           | -                      |
| <b>Fund Balance - End of year</b>          | <u>\$ 279,739</u>  | <u>\$ 134,257</u> | <u>\$ (145,482)</u>                | <u>\$ 185,989</u> | <u>\$ 51,732</u>       |

**June 30, 2026**

#### ***Budgetary Information***

Significant variances between original and amended budget - The Academy had significant variances between the original and amended budget related to the following: state source revenue, basic program expenditures, added needs expenditures, and operations and maintenance expenditures. State source revenue was lower than originally budgeted as a result of final fall 2025 student counts being below what was expected. Basic program expenditures combined with added need expenditures decreased primarily due to staffing reductions associated with the decline in student enrollment and changes within positions that were reclassified. Operations and maintenance expenditures increased as a result of the facilities and land purchase in the current year.

There were no significant variances between amended budget and actual amounts.

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## Other Supplementary Information

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Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

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**June 30, 2026**

|                                         | Special Revenue Funds      |                      |                  |
|-----------------------------------------|----------------------------|----------------------|------------------|
|                                         | Student<br>Activities Fund | Food Service<br>Fund | Total            |
| <b>Assets - Cash</b>                    | <b>\$ 21,787</b>           | <b>\$ 55,076</b>     | <b>\$ 76,863</b> |
| <b>Liabilities - Due to other funds</b> | \$ 642                     | \$ -                 | \$ 642           |
| <b>Fund Balances - Restricted</b>       | 21,145                     | 55,076               | 76,221           |
| Total liabilities and fund balances     | <b>\$ 21,787</b>           | <b>\$ 55,076</b>     | <b>\$ 76,863</b> |

## Oakland Academy

### Other Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2026

|                                                                  | Special Revenue Funds      |                      |                  |
|------------------------------------------------------------------|----------------------------|----------------------|------------------|
|                                                                  | Student<br>Activities Fund | Food Service<br>Fund | Total            |
| <b>Revenue</b>                                                   |                            |                      |                  |
| Local sources                                                    | \$ 10,188                  | \$ -                 | \$ 10,188        |
| State sources                                                    | -                          | 55,581               | 55,581           |
| Federal sources                                                  | -                          | 72,609               | 72,609           |
| Total revenue                                                    | 10,188                     | 128,190              | 138,378          |
| <b>Expenditures</b>                                              |                            |                      |                  |
| Current:                                                         |                            |                      |                  |
| Support services:                                                |                            |                      |                  |
| Pupil                                                            | -                          | 4,581                | 4,581            |
| General administration                                           | -                          | 13,620               | 13,620           |
| Other                                                            | 10,323                     | -                    | 10,323           |
| Food services                                                    | -                          | 101,538              | 101,538          |
| Total expenditures                                               | 10,323                     | 119,739              | 130,062          |
| <b>Net Change in Fund Balances</b>                               | (135)                      | 8,451                | 8,316            |
| <b>Fund Balances</b> - Beginning of year, as previously reported | 21,280                     | -                    | 21,280           |
| <b>Change within Financial Reporting Entity</b>                  | -                          | 46,625               | 46,625           |
| <b>Fund Balances</b> - Beginning of year, as restated            | 21,280                     | 46,625               | 67,905           |
| <b>Fund Balances</b> - End of year                               | <u>\$ 21,145</u>           | <u>\$ 55,076</u>     | <u>\$ 76,221</u> |

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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*

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

**Independent Auditor's Report**

To Management and the Board of Directors  
Oakland Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Oakland Academy (the "Academy") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 15, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

To Management and the Board of Directors  
Oakland Academy

**Purpose of this Report**

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

*Plante & Moreau, PLLC*

October 15, 2026