

OAKSIDE PREP ACADEMY

Financial Statements, Required Supplementary Information and Other Supplementary Information as of and for the Year Ended June 30, 2026, and Independent Auditor's Reports

NATIONAL HERITAGE ACADEMIES™

OAKSIDE PREP ACADEMY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1–3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4–8
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2026:	
Academy-Wide Financial Statements (Governmental Activities):	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet — Governmental Funds and the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13–18
REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2026:	19
Budgetary Comparison Schedules:	
General Fund	20
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	21-23
OTHER SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2026:	24
Statement of Revenues — General Fund	25
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	26-27

Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oakside Prep Academy
Waterford Township, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Oakside Prep 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 as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The statement of revenues – general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statement of revenues – general fund, 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. Such 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 statement of revenues – general fund, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2026 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Academy's internal control over financial reporting and compliance.

Plante & Moran, PLLC

Detroit, Michigan
October 30, 2026

OAKSIDE PREP ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2026

This section of the annual financial report for Oakside Prep Academy (the "Academy") provides an overview of the Academy's financial activities as of and for the fiscal year ended June 30, 2026. It should be read in conjunction with the financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 as well as 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 General Fund.

Management's Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements

Academy-wide Financial Statements Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for the Governmental Funds

Notes to Required Supplementary Information

(Other Supplementary Information)
Statement of Revenues — General Fund

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 and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The Academy's Statement of Net Position — the difference between assets and liabilities, as reported in the Statement of Net Position — is one way to measure the Academy's financial position. The relationship between revenues and expenses is the Academy's operating results. The Academy's goal is to provide services to our students, not to generate profits as private sector companies do. One must consider nonfinancial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Activities report the activities of the Academy, all of which are classified as governmental. These activities encompass all the Academy's services, including instruction and support services. State aid (based on student count) and state and federal grants finance most of these activities. The Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

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 — All of the Academy's services are reported in 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. Only those revenues that are "measurable" and "currently available" are reported. Liabilities are recognized when incurred. The governmental fund statements provide a short-term view of the operations of the Academy and the services it provides. Governmental fund information helps you 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 reconciliations presented as part of the statements.

The Academy as a Whole

Recall that the Statement of Net Position provides the perspective of the Academy as a whole. The table below provides a summary of the Academy's net position as of June 30:

	2026	2025	Increase (Decrease)	Percentage Variance
Assets:				
Current assets	$ 3,448,773	$ 3,489,848	$ (41,075)	-1.2%
Capital assets, net of accumulated depreciation	26,203	32,488	(6,285)	-19.3%
Total Assets	3,474,976	3,522,336	(47,360)	-1.3%
Liabilities - current	3,415,506	3,445,759	(30,253)	-0.9%
Net position:				
Net investment in capital assets	26,203	32,488	(6,285)	-19.3%
Unrestricted	33,267	44,089	(10,822)	-24.5%
Total net position	$ 59,470	$ 76,577	$ (17,107)	-22.3%

The unrestricted net position of governmental activities represents the accumulated results of life-to-date operations. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the Academy as a whole are reported in the Statement of Activities, which shows the change in net position. Assets and liabilities were consistent from 2025 to 2026, with decreases of 1.3% and 0.9%, respectively.

The results of operations for the Academy as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2026	2025	Increase (Decrease)	Percentage Variance
Revenues:				
State aid	$ 13,689,628	$ 14,035,966	$ (346,338)	-2.5%
Operating grants	4,890,883	3,679,747	1,211,136	32.9%
Total revenues	18,580,511	17,715,713	864,798	4.9%
Expenses—				
Instruction	7,763,520	7,301,254	462,266	6.3%
Support services	10,827,813	10,410,724	417,089	4.0%
Depreciation (unallocated)	6,285	6,285	-	0.0%
Total expenses	18,597,618	17,718,263	879,355	5.0%
Change in net position	$ (17,107)	$ (2,550)	$ (14,557)	570.9%

As reported in the Statement of Activities, the cost of governmental activities was $18,597,618. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

The Academy experienced a decrease in net position of $17,107 in 2026. Under the terms of the agreement with NHA, NHA provides a spending account to the board of directors for discretionary expenditures. The primary reason for the change in net position is the timing of these discretionary expenditures. Revenues and expenses were consistent from 2025 to 2026, with increases of 4.9% and 5.0%, respectively. The increase of $1.2 million in operating grants was due to the receipt of a grant from United Way.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities appears on page 12.

Fund Financial Statements

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

The Academy reports one major fund, the General Fund, in the governmental fund financial statements. Most of the discussion related to governmental activities is equally applicable to the finances of the General Fund. The change in the General Fund balance is outlined below:

	2026	2025	Increase (Decrease)	Percentage Variance
Revenues	$ 18,431,748	$ 17,902,129	$ 529,619	3.0%
Expenditures	18,442,570	17,898,394	544,176	3.0%
Net change in fund balance	(10,822)	3,735	(14,557)	-389.7%
Fund balance - beginning of year	44,089	40,354	3,735	9.3%
Fund balance - end of year	$ 33,267	$ 44,089	$ (10,822)	-24.5%

The Academy's instruction and support services activities are reported in the General Fund. The Academy's fund balance was $33,267 at June 30, 2026.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 11.

Capital Assets

At June 30, 2026, the Academy had $26,203 invested in capital assets, primarily other equipment. Capital assets are substantially provided as part of the agreement with NHA.

Long-term Obligations

At June 30, 2026, the Academy had no long-term obligations.

Currently Known Facts, Decisions, or Conditions

Our officials and administration consider many factors when setting the Academy's 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 blended count for the 2027 fiscal year is expected to be 90% and 10% of the October 2026 and February 2027 student counts, respectively. The 2027 budget was adopted in June 2026. Approximately 74% of total General Fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2027 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2027 budget. Once the final student count and related per pupil funding are validated, 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 revenues to fund its appropriation to public school academies. The State periodically holds a revenue-estimating conference to estimate revenues. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

Contacting the Academy's Financial Management

The financial report is designed to provide users of the report with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201; Grand Rapids, Michigan 49512.

OAKSIDE PREP ACADEMY

STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	$ 47,432
Due from governmental revenue sources	3,401,341
Total current assets	3,448,773
NON-CURRENT ASSETS:	
Capital assets	62,851
Less accumulated depreciation	(36,648)
Total capital assets, net of accumulated depreciation	26,203
TOTAL	$ 3,474,976
LIABILITIES AND NET POSITION	
LIABILITIES:	
Unearned revenue	$ 3,079,268
Accounts payable	26,797
Contracted service fee payable	309,441
Total liabilities	3,415,506
NET POSITION:	
Net investment in capital assets	26,203
Unrestricted	33,267
Total net position	59,470
TOTAL	$ 3,474,976

See notes to financial statements.

OAKSIDE PREP ACADEMY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Governmental Activities Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS —				
Instruction	$ 7,763,520	$ -	$ 2,534,589	$ (5,228,931)
Support services	10,827,813	-	2,356,294	(8,471,519)
Depreciation (unallocated)	6,285	-	-	(6,285)
Total governmental activities	$ 18,597,618	$ -	$ 4,890,883	(13,706,735)
GENERAL PURPOSE REVENUES:				
State aid unrestricted				13,689,628
CHANGE IN NET POSITION				(17,107)
NET POSITION:				
Beginning of year				76,577
End of year				$ 59,470

See notes to financial statements.

OAKSIDE PREP ACADEMY

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2026

		Total Governmental Funds
ASSETS		
Cash		$ 47,432
Due from governmental revenue sources		3,401,341
TOTAL		$ 3,448,773
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Unearned revenue		$ 3,079,268
Accounts payable		26,797
Contracted service fee payable		117,953
Total liabilities		3,224,018
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue		191,488
Total liabilities and deferred inflows of resources		3,415,506
FUND BALANCE:		
Committed		13,220
Unassigned		20,047
Total fund balance		33,267
TOTAL		$ 3,448,773
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position		
Total governmental fund balance		$ 33,267
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets cost	62,851	
Accumulated depreciation	(36,648)	26,203
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds		191,488
Contracted service fee payable not due and payable in the current period and not reported in the funds		(191,488)
Net position of governmental activities		$ 59,470

See notes to financial statements.

OAKSIDE PREP ACADEMY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	Total Governmental Funds
REVENUES:	
State aid	$ 13,689,628
Other state sources	2,820,221
Federal sources	1,049,204
Private sources	633,276
Local sources	239,419
Total revenues	18,431,748
EXPENDITURES:	
Instruction	7,763,520
Support services	10,679,050
Total expenditures	18,442,570
NET CHANGE IN FUND BALANCE	(10,822)
FUND BALANCE — Beginning of year	44,089
FUND BALANCE — End of year	$ 33,267
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	
Net change in fund balance — total governmental funds	$ (10,822)
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their useful lives as depreciation	(6,285)
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	191,488
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years	(42,725)
Contracted service fee recognized consistent with the revenue policy	(148,763)
Change in net position of governmental activities	$ (17,107)

See notes to financial statements.

1. NATURE OF OPERATIONS

Oakside Prep Academy (the "Academy") is a Michigan Public School Academy that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy operates under a charter contract approved by Bay Mills Community College, which is responsible for oversight of the Academy's operations. The charter contract expires June 30, 2029 and is subject to renewal. Bay Mills Community College Board of Trustees receives three percent of state aid funds as an administrative fee. The total administrative fee for year ended June 30, 2026, paid to the Bay Mills Community College Board of Trustees was $512,959.

The Academy is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The Academy qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

The Academy's primary source of revenue is provided by the State of Michigan and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and is funded through payments from October 2025 through August 2026.

The Board of Directors of the Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Academy-Wide and Fund Financial Statements — 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 primary government. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Academy's government-wide activities are considered governmental activities.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Academy-Wide Statements — The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When an expense is incurred for purposes for which both restricted and unrestricted net position, or fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

Fund Based Statements — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue.

Fund Classification — The financial activities of the Academy are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

General Fund — The General Fund is used to account for the general educational programs of the Academy. Its revenues are derived primarily from the State of Michigan.

Capital Assets — Capital assets, which include other equipment, are reported in the applicable governmental column in the Academy-wide financial statements at historical costs of more than $5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2026 represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

Unavailable and Unearned Revenue — Unavailable revenue is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period. Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned. As of June 30, 2026, a deferred inflow for unavailable revenue was recognized for $191,488 and a liability for unearned revenue was recognized for $3,079,268.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2026 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the agreement.

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Fund Balance — Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned. The terms nonspendable and restricted are used either to indicate that certain assets do not represent spendable resources available for general educational programs or to earmark a portion of fund balance as legally segregated for a specific future use. The term committed represents amounts that can only be used for the specific purpose determined by a formal resolution of the board. The term assigned is used to classify the fund balance intended to be used by the board, but does not meet the criteria to be restricted or committed. The term unassigned is used for amounts that have not been restricted, committed, or otherwise assigned for future uses. At June 30, 2026, the Academy had $13,220 in committed fund balance and $20,047 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board of Directors for student, parent and staff appreciation, athletics, and board training and development.

Budgetary Information — Annual budgets are adopted on a basis utilizing generally accepted accounting principles and consistent with state law for the general fund.

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. The budgets can be amended by the Board of Directors as considered necessary. The budgets were amended to increase budgeted revenues and expenditures for the General Fund by $245,315.

During the year the Academy incurred expenditures in the General Fund which were in excess of amounts budgeted in the following categories:

	Final Amended Budget	Actual	Over Final Budget
EXPENDITURES:			
Instruction:			
Basic Instruction	$ 5,517,761	$ 5,578,829	$ 61,068
Added Needs	2,166,687	2,184,691	18,004
Support Services:			
Other Support Services	51,013	52,165	1,152
Operations & Maintenance	2,745,711	2,790,407	44,696

In total, actual expenditures were lower than budgeted expenditures by $246,757.

Implementation of New Accounting Standards

For the year ended June 30, 2026, the Academy implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A);
b. Unusual or infrequent items;
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

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. Management has not yet determined the impact that the adoption of GASB 105 will have on the financial statements.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2026 for the Academy included $2,444,083 in state aid receivable, $652,434 in other state sources, $238,526 in federal grants receivable, and $66,298 in other receivables. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2026, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

5. CAPITAL ASSETS

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

	Beginning Balance	Additions	Ending Balance
Governmental activities —			
Other equipment	$ 62,851	$ -	$ 62,851
Less accumulated depreciation —			
Other equipment	30,363	6,285	36,648
Total governmental activities —			
Capital assets, net	$ 32,488	$ (6,285)	$ 26,203

6. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

7. LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2025 through June 30, 2026. Annual rental payments required by the lease are $1,834,668 payable in twelve monthly payments of $152,889. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the Academy or NHA. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2026 through June 30, 2027, at the same rental rate.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or lease liabilities under GASB Statement No. 87, *Leases* based on the noncancellable period being less than 12 months and applicability of the short-term lease exception for the facility lease agreement.

The Academy is also not a party to any subscription based IT agreements that meet the criteria for recognition as an asset or liability under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* due to the noncancellable period being less than 12 months.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

OAKSIDE PREP ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Amended Budget	Over (Under) Original Budget	Actual	Over (Under) Final Budget
REVENUES:					
State Aid	$ 14,267,795	$ 13,715,600	$ (552,195)	$ 13,689,628	$ (25,972)
Other State Sources	2,363,150	3,047,850	684,700	2,820,221	(227,629)
Local Sources	250,000	294,500	44,500	239,419	(55,081)
Federal Sources	1,534,267	1,034,928	(499,339)	1,049,204	14,276
Private Sources	28,800	596,449	567,649	633,276	36,827
Total Revenues	18,444,012	18,689,327	245,315	18,431,748	(257,579)
EXPENDITURES:					
Instruction:					
Basic Instruction	4,882,925	5,517,761	634,836	5,578,829	61,068
Added Needs	2,605,882	2,166,687	(439,195)	2,184,691	18,004
Support Services:					
Pupil Services	1,220,969	1,053,649	(167,320)	1,045,270	(8,379)
Instructional Staff Services	2,514,444	2,557,888	43,444	2,474,567	(83,321)
General Administration	1,071,148	1,056,299	(14,849)	1,029,182	(27,117)
School Administration	1,015,198	1,220,144	204,946	1,215,473	(4,671)
Business & Internal Services	424,885	388,463	(36,422)	361,179	(27,284)
Central Services	1,690,962	1,691,513	551	1,480,350	(211,163)
Pupil Transportation Services	73,106	62,790	(10,316)	62,231	(559)
Other Support Services	20,260	51,013	30,753	52,165	1,152
Operations & Maintenance	2,700,395	2,745,711	45,316	2,790,407	44,696
Community Activities	216,260	170,493	(45,767)	163,139	(7,354)
Welfare Activities	7,578	6,916	(662)	5,087	(1,829)
Total Expenditures	18,444,012	18,689,327	245,315	18,442,570	(246,757)
NET CHANGE IN FUND BALANCE	-	-	-	(10,822)	(10,822)
FUND BALANCE - Beginning of year	44,089	44,089	-	44,089	-
FUND BALANCE - End of year	$ 44,089	$ 44,089	$ -	$ 33,267	$ (10,822)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Academy does not utilize encumbrance accounting.

The Academy adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- Prior to June 30, management submits to the board of directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means for financing them. All budgets lapse at year-end.
- By June 30, the budget is adopted by the board of directors.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the board of directors.

Over the course of the year, the Academy revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Budgeted revenues for the General Fund were increased by $245,315 from the original budget. Budgeted expenditures for the General Fund were increased by $245,315. This change was to reflect the change in anticipated funding. Significant variances between the final budget and actual amounts are disclosed in the notes to the required supplementary information (refer to Note 2).

2. BUDGETARY COMPARISON

Significant Variances:

Significant variances are defined as the items with variances greater than 10% for the individual line item and 1% for the total revenues/expenses.

Significant variances between final and original budget:

	Variance	Explanation
REVENUES:		
Other State Sources	$ 684,700	This is driven by changes in MI31a grant investment planning.
Federal Sources	(499,339)	This is driven by changes in Title I, IIA, and IV investment planning
Private Sources	567,649	This is driven by the addition of Summer Discovery grant programming
EXPENDITURES:		
Instruction:		
Basic Instruction	634,836	This is driven by the addition of MI31a teacher retention bonuses and Summer Discovery programming
Added Needs	(439,195)	This is driven by vacancy in SPED teachers and grant-funded paraprofessionals
Support Services:		
School Administration	204,946	This is driven by higher marketing expense than anticipated due to changes in marketing strategy

Significant variances between final budget and actual:

	Dollar Variance	Explanation
EXPENDITURES:		
Support Services:		
Central Services	$ (211,163)	This is driven by a decrease in shared services expense from NHA.

OTHER SUPPLEMENTARY INFORMATION

OAKSIDE PREP ACADEMY

OTHER SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES — GENERAL FUND
YEAR ENDED JUNE 30, 2026

State aid	$	13,689,628
Other state sources:		
Special education		239,742
At-risk		2,355,884
Grants		224,595
Total		2,820,221
Federal sources — grants		1,049,204
Private sources — other		633,276
Local sources		239,419
TOTAL	$	18,431,748

Alan C. Young & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

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

To the Board of Directors
Oakside Prep Academy
Waterford Township, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Oakside Prep 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 30, 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 the 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 significant deficiencies or material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

Detroit, Michigan
October 30, 2026