MACDOWELL PREPARATORY ACADEMY

FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION

JUNE 30, 2026

MACDOWELL PREPARATORY ACADEMY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MacDowell Preparatory Academy
Detroit, 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 MacDowell Preparatory 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.

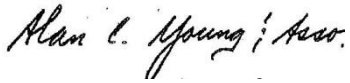
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2026 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Detroit, Michigan
October 23, 2026

As management of MacDowell Preparatory Academy (the "Academy"), we offer readers of the Academy's basic financial statements this narrative overview and analysis of the financial activities of the Academy for the years ended June 30, 2026 and 2025.

Management's discussion and analysis is included at the beginning of the Academy's basic financial statements to provide, in layman's terms, the current position of the Academy's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) academy-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

Academy-Wide Financial Statements

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

The statement of net position presents information on all of the Academy's assets, liabilities, and deferred inflows/outflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The academy-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The Academy does not have any business-type activities. The governmental activities of the Academy primarily include instruction and instructional support services.

The academy-wide basic financial statements can be found on pages 1 and 2 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the academy-wide financial statements. However, unlike the academy-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the academy-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the academy-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

All of the Academy's services are reported in governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance. The general fund is the Academy's only fund.

The Academy adopts an annual budget for its governmental funds. Budgets are revised in an attempt to deal with unexpected changes in revenue and expenditure. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the Academy's original and final budget amounts compared with actual revenues and expenditures is provided as required supplemental information of these financial statements.

The governmental fund financial statements can be found on pages 3 and 5 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the academy-wide and fund financial statements. The notes to the basic financial statements can be found on pages 7 through 15 of this report.

ACADEMY-WIDE FINANCIAL ANALYSIS

Our analysis in the table below focuses on the net position of the Academy's governmental activities:

	June 30, 2026	June 30, 2025	Increase (Decrease)	Percentage Variance
Assets				
Current Assets	$ 2,392,276	$ 2,790,823	$ (398,547)	-14.3%
Capital Assets, Net of Depreciation	1,853,760	1,711,582	142,178	8.3%
Total Assets	4,246,036	4,502,405	(256,369)	-5.7%
Liabilities				
Current Liabilities	426,670	507,909	(81,239)	-16.0%
Long-term Liabilities	631,803	744,817	(113,014)	-15.2%
Total Liabilities	1,058,473	1,252,726	(194,253)	-15.5%
Net Position				
Net Investment in Capital Assets	1,221,957	966,765	255,192	26.4%
Unrestricted	1,965,606	2,282,914	(317,308)	-13.9%
Total Net Position	$ 3,187,563	$ 3,249,679	$ (62,116)	-1.9%

The $1,965,606 in unrestricted net position represents Academy funds that have not been committed contractually or for debt obligations and are available for future use. Total net position decreased $62,116 in 2025-26. Net investment in capital assets increased by $255,192 while unrestricted net position decreased by $317,308. Overall, the Academy's financial position remained relatively stable during fiscal year 2026. For 2026, assets remained consistent with a decrease of 5.7%. Liabilities decreased by 15.5%, primarily due to payments made on long-term debt and leases, reducing the obligation.

Governmental Activities

The results of the operations for the Academy as a whole are reported in the statement of activities on page 2. The table below provides a condensed presentation of the Academy's revenues and expenses for the years ended June 30, 2026 and 2025:

	2026	2025	Increase (Decrease)	Percentage Variance
Revenue				
General Revenues	$ 3,797,712	$ 3,704,646	$ 93,066	2.5%
Program Revenues	1,213,666	1,224,308	(10,642)	-0.9%
Total Revenues	5,011,378	4,928,954	82,424	1.7%
Functions/Program Expenses				
Instruction	2,383,733	2,591,664	(207,931)	-8.0%
Instruction Support Services	2,689,761	3,115,322	(425,561)	-13.7%
Total Expenses	5,073,494	5,706,986	(633,492)	-11.1%
Change in Net Position	(62,116)	(778,032)	715,916	-92.0%
Net Position - Beginning of Year	3,249,679	4,027,711	(778,032)	-19.3%
Net Position - End of the Year	$ 3,187,563	$ 3,249,679	$ (62,116)	-1.9%

ACADEMY-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

The decrease in current-year expenditures of approximately 11%-12% compared to the prior fiscal year was primarily attributable to the Academy's continued efforts to manage operating costs and align expenditures with available funding and operational needs. During the fiscal, the Academy evaluated staffing levels, instructional expenses, contracted services, and other operating costs to identify opportunities for cost savings. Additionally, certain expenditures incurred in the prior fiscal year were not recurring in the current year, contributing to the overall reduction. Despite the decrease in expenditures, the Academy remained focused on maintaining instructional quality, supporting student achievement, and ensuring that resources were allocated effectively to meet the Academy's operational and educational goals.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	2026	2025	Increase (Decrease)	Percentage Variance
Revenues	$ 5,011,378	$ 4,928,954	$ 82,424	1.7%
Expenditures	5,355,956	5,896,918	(540,962)	-9.2%
Excess (Deficiency) of Revenues over Expenditures	(344,578)	(967,964)	623,386	-64.4%
Other Financing Sources	27,270	-	27,270	Undefined
Net Change in Fund Balance	(317,308)	(967,964)	650,656	-67.2%
Fund Balance, Beginning of Year	2,282,914	3,250,878	(967,964)	-29.8%
Fund Balance, End of Year	$ 1,965,606	$ 2,282,914	$ (317,308)	-13.9%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	2026			2025	
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value	Total Percentage Change
Building	$ 1,079,862	$ 172,777	$ 907,085	$ 950,279	-5%
Building Improvement	910,584	163,045	747,539	454,693	64%
IT Equipment	573,139	418,367	154,772	210,881	-27%
Leased Right-to-Use Asset	97,455	70,185	27,270	76,272	-64%
Furniture and Equipment	57,522	40,428	17,094	19,457	-12%
Net Capital Assets	$ 2,718,562	$ 864,802	$ 1,853,760	$ 1,711,582	8%

Debt

At June 30, 2026, the Academy had $604,533 in long-term debt. The debt was taken in order to purchase the building the Academy is housed in. The loan was renewed for another five years and is scheduled to be paid through June 2031. The Academy also has operating lease obligations of $27,270.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

MacDowell Preparatory Academy remains committed to providing a high-quality educational environment while maintaining responsible financial stewardship, operational efficiency, and long-term organizational sustainability. Looking ahead, the Academy will continue to evaluate its financial position, identify opportunities to strengthen available resources, and make strategic decisions that support the continued delivery of educational services to its scholars and families.

As the Academy moves forward, leadership recognizes the importance of aligning financial planning with the needs of the school, anticipated operating costs, facility requirements, and opportunities for additional revenue. The Academy will focus on proactive financial management, revenue diversification, and the responsible use of available resources to support current operations and position the school for continued stability.

Revenue Diversification and Resource Development

A key priority moving forward will be the identification and development of new and additional revenue streams to strengthen the Academy's financial position. The Academy intends to dedicate staff capacity to researching, identifying, pursuing, and monitoring potential funding opportunities, including grants, philanthropic gifts, corporate sponsorships, community partnerships, and other eligible sources of supplemental revenue.

These efforts will include identifying grant opportunities aligned with the Academy's educational priorities, developing relationships with potential philanthropic partners, and exploring opportunities to secure resources that may support academic programming, scholar enrichment, technology, facility improvements, and other school needs. Leadership recognizes that diversifying revenue sources can help reduce reliance on any single funding stream and provide additional flexibility in responding to the Academy's operational priorities.

The Academy will seek to establish a more intentional and organized approach to resource development, including tracking potential opportunities, monitoring application deadlines, and evaluating funding requirements and restrictions. Any prospective funding will be assessed for its eligibility requirements, allowable uses, reporting obligations, and long-term financial implications. Although additional revenue cannot be guaranteed, these efforts are intended to expand the Academy's access to resources and support its long-term financial sustainability.

Expense Management and Operational Efficiency

The Academy will continue to prioritize prudent expense management and the responsible use of available financial resources. Leadership recognizes that maintaining financial stability requires ongoing evaluation of expenditures, careful planning, and a commitment to distinguishing essential operating needs from costs that may be reduced, deferred, or avoided.

Moving forward, the Academy will emphasize reviewing expenditures before commitments are made, evaluating vendor pricing and service agreements, monitoring recurring expenses, and identifying opportunities to reduce unnecessary costs without compromising educational quality, scholar safety, regulatory compliance, or essential school operations.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS (Continued)

Expense Management and Operational Efficiency (Continued)

Where appropriate, the Academy will explore opportunities to consolidate purchases, improve purchasing practices, obtain competitive pricing, and strengthen coordination among departments and service providers. Leadership will also seek to identify recurring or discretionary expenses that may be reduced through improved planning, more efficient processes, or the elimination of duplicative services.

Budget-to-actual reviews and ongoing monitoring of financial activity will remain important components of this effort. Identifying variances early can help leadership respond to changing financial conditions, adjust spending priorities when necessary, and make informed decisions regarding the allocation of available resources. The Academy's objective is to avoid unnecessary expenditures, improve operational efficiency, and direct resources toward activities that most directly support its educational mission.

Financial Planning and Monitoring

The Academy will continue to monitor revenues, expenditures, cash flow, and other relevant financial indicators to support informed decision-making throughout the fiscal year. Financial planning will take into consideration anticipated state aid and other funding, enrollment-related considerations, personnel costs, contractual obligations, facility maintenance, instructional needs, and other operating requirements.

Leadership recognizes that changes in funding levels, operating costs, or other external conditions may affect the Academy's financial position. Accordingly, the Academy will seek to maintain a proactive approach to budgeting and financial monitoring, allowing potential challenges and opportunities to be identified as early as practicable.

Where appropriate, management will evaluate spending priorities, review projected costs, and consider adjustments to operating plans based on available resources and changing circumstances. These efforts are intended to support responsible financial decisions while maintaining the Academy's ability to meet its obligations and provide necessary educational services.

Facility Maintenance and Long-Term Asset Stewardship

The continued maintenance of the Academy's existing school facility remains an important operational consideration. As an older building, the facility requires ongoing monitoring, preventative maintenance, and periodic repairs to maintain its functionality and suitability for educational use.
Looking ahead, the Academy will continue to evaluate facility needs, prioritize repairs based on urgency and operational importance, and consider the potential financial implications of delaying necessary maintenance. Planning for facility-related expenditures is intended to help leadership anticipate needs, manage costs, and reduce the likelihood that unresolved maintenance issues will develop into more extensive or disruptive repairs.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS (Continued)

Facility Maintenance and Long-Term Asset Stewardship (Continued)

The Academy will seek to balance immediate facility requirements with other financial priorities while continuing to address issues related to building systems, flooring, roofing, plumbing, heating, security, and other essential components as circumstances warrant. When feasible, advance planning and timely corrective action may help preserve existing assets and reduce avoidable costs over time.

Operational Priorities and Educational Support

The Academy's financial and operational decisions will continue to be guided by its responsibility to provide an appropriate learning environment for scholars and a functional workplace for staff. Resource allocation will consider the needs of academic programming, staffing, instructional materials, technology, student support services, and essential building operations.

Leadership will continue to evaluate how available resources can be used effectively to advance educational priorities while maintaining appropriate financial controls. Opportunities to improve internal processes, coordinate services, and use resources more efficiently will be considered as part of the Academy's ongoing operational planning.

The Academy recognizes that financial sustainability and educational quality are closely connected. Accordingly, expense management and revenue development efforts will be pursued with the objective of strengthening the Academy's ability to support scholars, staff, and families over the long term.

Outlook

MacDowell Preparatory Academy enters the upcoming period with a continued focus on financial responsibility, operational effectiveness, and long-term sustainability. Key areas of emphasis will include pursuing additional funding opportunities, developing philanthropic and community partnerships, reducing unnecessary expenditures, strengthening financial monitoring, and planning proactively for facility and operating needs.

Management recognizes that future financial results will depend on a range of factors, including funding levels, enrollment, operating costs, the availability of grants and philanthropic support, and other conditions that may change over time. While the outcomes of future funding and cost-management initiatives cannot be assured, the Academy intends to take deliberate steps to identify opportunities, manage risks, and use available resources responsibly.

Through these efforts, MacDowell Preparatory Academy seeks to strengthen its financial position, improve operational efficiency, and preserve its capacity to deliver educational services. Leadership remains committed to making informed decisions, maintaining appropriate oversight, and pursuing opportunities that support a stable and sustainable future for the Academy and the scholars it serves.

CONTACTING THE ACADEMY'S MANAGEMENT

If you have questions about this report or need additional information, please contact the Academy's Business Office at 4201 W. Outer Drive, Detroit, Michigan 48221.

MACDOWELL PREPARATORY ACADEMY

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 3)	$ 1,455,705
Due From Other Governmental Units (Note 4)	936,459
Deposits	112
Capital Assets, Net of Accumulated Depreciation (Note 5)	1,853,760
Total Assets	4,246,036
LIABILITIES	
Accounts Payable	42,677
Accrued Liabilities	352,248
Unearned Revenue (Note 1)	31,745
Long-Term Debt, Current Portion (Note 7)	82,852
Long-Term Debt, Net of Current Portion (Note 7)	521,681
Lease Obligation, Current Portion (Note 8)	27,270
Total Liabilities	1,058,473
NET POSITION	
Net Investment in Capital Assets	1,221,957
Unrestricted	1,965,606
Total Net Position	$ 3,187,563

The accompanying notes are an integral part of these financial statements

MACDOWELL PREPARATORY ACADEMY

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and Changes in Net Position
Governmental Activities				
Basic Instruction	$ 1,887,290	$ -	$ 674,154	$ (1,213,136)
Instruction - Added Needs	496,443	-	177,333	(319,110)
Supporting Services				
Pupil Support Services	434,707	-	-	(434,707)
Instructional Staff Services	473,534	-	169,149	(304,385)
General Administration Services	150,046	-	-	(150,046)
School Administration Services	540,381	-	193,030	(347,351)
Business Services	212,649	-	-	(212,649)
Operations and Maintenance	395,890	-	-	(395,890)
Central Services	98,740	-	-	(98,740)
Transportation	93,140	-	-	(93,140)
Support Services - Other	3,557	-	-	(3,557)
Depreciation Expenses (Unallocated)	174,322	-	-	(174,322)
Community Services	65,012	-	-	(65,012)
Interest Expense	18,807	-	-	(18,807)
Welfare activities	28,976	-	-	(28,976)
Total Governmental Activities	5,073,494	-	1,213,666	(3,859,828)
		General Revenues		
		State Aid - Formula Grants		3,609,558
		Other Revenue		188,154
		Total General Revenues		3,797,712
		Change in Net Position		(62,116)
		Net Position - July 1, 2025		3,249,679
		Net Position - June 30, 2026		$ 3,187,563

The accompanying notes are an integral part of these financial statements

MACDOWELL PREPARATORY ACADEMY

Governmental Funds
Balance Sheet
June 30, 2026

	General Fund
ASSETS	
Cash and Cash Equivalents (Note 3)	$ 1,455,705
Due From Other Governmental Units (Note 4)	936,459
Deposits	112
Total Assets	$ 2,392,276
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	$ 42,677
Accrued Liabilities	352,248
Unearned Revenue (Note 1)	31,745
Total Liabilities	426,670
Fund Balance (Note 1)	
Unassigned	1,965,606
Total Fund Balance	1,965,606
Total Liabilities and Fund Balance	$ 2,392,276

The accompanying notes are an integral part of these financial statements

MACDOWELL PREPARATORY ACADEMY

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds		$ 1,965,606
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, not reported as assets in governmental funds:		
Cost of Capital Assets	2,718,562	
Accumulated Depreciation	(864,802)	1,853,760
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds		(631,803)
Total Net Position - Governmental Activities		$ 3,187,563

The accompanying notes are an integral part of these financial statements

MACDOWELL PREPARATORY ACADEMY

Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2026

	General Fund
REVENUE	
Federal Sources	$ 325,489
State Sources	4,497,735
Local Sources	188,154
Total Revenue	5,011,378
EXPENDITURES	
Basic Instruction	1,887,290
Instruction - Added Needs	496,443
Supporting Services:	
Pupil Support Services	434,707
Instructional Staff Services	473,534
General Administration Services	150,046
School Administration Services	540,381
Business Services	212,649
Operations and Maintenance	764,740
Central Services	98,740
Transportation	93,140
Other Support Services	3,557
Community Services	65,012
Welfare Activities	28,976
Principal Payments on Building Loan/Leases	87,934
Interest Payments on Building Loan	18,807
Total Expenditures	5,355,956
Excess (Deficiency) of Revenue Over Expenditures	(344,578)
Other Financing Sources (Uses)	
Financing of New Lease (Note 8)	27,270
Net Change in Fund Balance	(317,308)
Fund Balance - July 1, 2025	2,282,914
Fund Balance - June 30, 2026	$ 1,965,606

The accompanying notes are an integral part of these financial statements

MACDOWELL PREPARATORY ACADEMY

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2026

Net Change in Fund Balances - Total Governmental Funds		$ (317,308)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	(149,242)	
Amortization expense	(25,080)	
Capitalized capital outlay expense	316,500	142,178
Repayment of loan principal is an expenditure governmental funds, but not in the statement of activities (where it reduces the long-term debt).		87,934
Payments on lease liability		25,080
Other financing sources related to new lease reported at fund level, not on statement of activities		(27,270)
Net present value of total payments under new lease expensed at fund level, not on statement of activities		27,270
Change in Net Position - Governmental Activities		$ (62,116)

The accompanying notes are an integral part of these financial statements

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of MacDowell Preparatory Academy (the Academy), conform to generally accepted accounting principles as applicable to schools. The following is a summary of the significant policies:

Reporting Entity

MacDowell Preparatory Academy is a charter school academy organized under 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.

On July 31, 2012 the Academy entered into a contract with the Detroit Public Schools Community District (DPSCD) to Charter a Public School Academy. The Academy's contract with DPSCD goes through June 30, 2027. The DPSCD 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 and other related activities for which compensation is permissible. By agreement between DPSCD and the Academy, the Academy pays the DPSCD Board of Trustees 3 percent of the Academy's State School Aid payments as an administrative fee. The total administrative fee paid for the year ended June 30, 2026 to DPSCD was approximately $114,000.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 activities of the Academy. 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 of the Academy's activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Academy-Wide Financial 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 to related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

Unrestricted State Aid and Intergovernmental Grants, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Academy.

General Fund - The Academy's major fund is the General Fund. This fund is used to account for all operational activities of the Academy. The General Fund includes the current operating expenditures of the Academy. Revenues are derived primarily from the State of Michigan.

Assets, Liabilities and Net Position or Equity

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

Receivables – Receivables are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible. Accordingly, no allowance for uncollectible amounts has been recorded.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Costs – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets – Capital assets, which include building improvements, furniture and equipment, and computer hardware, are reported in the applicable governmental column in the academy-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than $500 and a useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost 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.

All the Academy's assets are depreciated using the straight-line method over the following useful lives:

Building	25 years
Building Improvements	5 years
Furniture and Other Equipment	5 to 10 years

Deferred Outflows of Resources – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no deferred outflows of resources at June 30, 2026.

Deferred Inflows of Resources – In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from grants receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Academy had no deferred inflows of resources at June 30, 2026.

Unearned Revenue – 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. At June 30, 2026, the Academy had $31,745 in unearned revenue related to 31(a) funding from the State of Michigan.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Balance – GASB 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.

d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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 is reduced by the current balances of any outstanding borrowings used to finance the purchase of those assets. Restricted net position is further classified as expendable and nonexpendable. The Academy did not have any non-expendable restricted net position during the year. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported revenues and expenses during the reporting period. Actual results may differ from those estimates.

2) 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. Capital outlay expenditures are budgeted within the various functions. All annual appropriations lapse at fiscal year ended.

The budget document presents information by fund, function, and object. 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 object 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 schools to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

The following expenditures exceeded the final amended budget:

	Final Budget	Actual	Over Final Budget
Expenditures			
Instructional Services			
Basic Programs	$ 1,857,947	$ 1,887,290	$ 29,343
Supporting Services:			
Other Support Service	-	3,557	3,557
Welfare Activities	8,133	28,976	20,843

In total, actual expenditures were $314,767 less than the final amended budget.

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. In the Academy's opinion, no disallowed claims are expected and would not have a material effect on the financial statements as of and for the year ended June 30, 2026.

3) DEPOSITS AND INVESTMENTS

State statutes 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, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with the statutory authority. As of June 30, 2026 the Academy does not have any investments.

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

3) DEPOSITS AND INVESTMENTS (Continued)

The Academy's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned to it. At the year end, the Academy had a deposit balance of $1,321,501 out of which $941,888 was not covered by federal depository insurance.

The Academy evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that value of investments will decrease as a result of a rise in interest rates. The Academy does not have investments with interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Academy held no such investment at June 30, 2026.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and Academy's policy prohibit investment in foreign currency.

4) DUE FROM OTHER GOVERNMENTAL UNITS

Receivables from other governmental units as of year-end for the Academy include $779,769 from the State of Michigan, and $149,540 from Federal grants, and $7,150 from other local sources.

5) CAPITAL ASSETS

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

	Balance July 1, 2025	Additions	Balance June 30, 2026
Capital Assets Being Depreciated and Amortized:			
Building	$ 1,079,862	$ -	$ 1,079,862
Buildings & Improvements	621,354	289,230	910,584
IT Equipment	573,139	-	573,139
Leased Right to Use Asset	70,185	27,270	97,455
Furniture and Equipment	57,522	-	57,522
Subtotal	2,402,062	316,500	2,718,562
Accumulated Depreciation and Amortization:			
Building	129,583	43,194	172,777
Buildings & Improvements	115,469	47,576	163,045
IT Equipment	362,258	56,109	418,367
Leased Right to Use Asset	45,105	25,080	70,185
Furniture and Equipment	38,065	2,363	40,428
Subtotal	690,480	174,322	864,802
Net Governmental Capital Assets	$ 1,711,582	$ 142,178	$ 1,853,760

Total depreciation and amortization expense was $174,322 for the year ended June 30, 2026. Depreciation is unallocated in the Statement of Activities.

6) MANAGEMENT COMPANY AGREEMENT

Effective July 1, 2022, the Academy became a self-managed school where the school leader manages the operations of the school. Refer to note 11 for subsequent event detail regarding the Academy's management company.

7) LONG-TERM DEBT

During the year 2023, the Academy signed a loan agreement with Credit Union One. According to the agreement, the Academy received $1,000,000 to purchase the school building that it has been leasing in the past. The loan has an initial interest rate of 2.25%. The loan's original maturity was June, 2024, but was renewed through June, 2026, and further renewed for another five years until June 2031. The monthly installments will be in 59 regular payments of $7,168.93 each and one final lump sum payment due in June, 2031.

Principal maturities of the long-term liability are as follows:

Year	Amount
2027	$ 82,852
2028	84,736
2029	86,662
2030	88,632
2031	261,651
	$ 604,533

8) LEASE OBLIGATION

The Academy recorded a vehicle lease as a right to use leased asset. It is amortized on a straight-line basis over the terms of the related lease.

Right-to-use asset activity for the Academy for the year ended June 30, 2026 is included in the capital assets schedule at Note 5.

In November 2023, the Academy signed an operating lease for a vehicle with Hoekstra Leasing for a term of two years, and was renewed for another year until July 1, 2027 with monthly payments of $2,336.

This lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. There are no variable payment components in the lease. The liability for the lease is measured at a discount rate of 5.12%.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2026, were as follows:

Right to Use Asset	Fiscal Year	Principal Amount	Interest Amount	Total
Vehicle	2026	$ 26,508	$ 762	$ 27,270
	Total	$ 26,508	$ 762	$ 27,270

Lease liability activity for the year ending June 30, 2026 is as follows:

Right to Use Asset	Balance 6/30/25	Increase	Decrease	Balance 6/30/26	Current Portion
Vehicle	$ 25,080	$ 27,270	$ 25,080	$ 27,270	$ 27,270

9) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Plan Description – The Academy currently does not participate in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan.

Post-employment Benefits – Currently, the Academy does not offer any post-employment benefits.

10) IMPLEMENTATION OF NEW ACCOUNTING STANDARD

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.

11) SUBSEQUENT EVENTS

The Academy has evaluated all subsequent events through October 23, 2026, the date the financial statements were available to be issued. The Academy had operated as a self-managed school since July 1, 2022. Effective July 1, 2026, the Academy entered into a management agreement with new Management Company, The Purpose Group, to provide management services.

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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 of
MacDowell Preparatory Academy
Detroit, 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 major fund of MacDowell Preparatory 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 23, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than 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 or significant deficiencies. 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 of 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.



Detroit, Michigan
October 23, 2026

REQUIRED SUPPLEMENTAL INFORMATION

MACDOWELL PREPARATORY ACADEMY

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Original Budget	Final Budget	Over (Under) Original Budget	Actual	Over (Under) Final Budget
Revenue					
Federal Sources	$ 265,000	$ 265,000	$ -	$ 325,489	$ 60,489
State Sources	4,174,636	4,529,401	354,765	4,497,735	(31,666)
Local Sources	295,765	295,765	-	188,154	(107,611)
Total Revenue	4,735,401	5,090,166	354,765	5,011,378	(78,788)
Expenditures					
Instructional Services					
Basic Programs	1,448,816	1,857,947	409,131	1,887,290	29,343
Added Needs	653,973	528,512	(125,461)	496,443	(32,069)
Supporting Services:					
Pupil Support Services	232,508	520,113	287,605	434,707	(85,406)
Instructional Staff Services	581,281	518,955	(62,326)	473,534	(45,421)
General Administration Services	204,758	179,651	(25,107)	150,046	(29,605)
School Administration Services	385,630	567,611	181,981	540,381	(27,230)
Business Services	274,818	213,089	(61,729)	212,649	(440)
Operation and Maintenance	486,127	817,522	331,395	764,740	(52,782)
Other Central Support	82,491	101,200	18,709	98,740	(2,460)
Pupil Transportation Services	139,486	125,256	(14,230)	93,140	(32,116)
Other Support Service	-	-	-	3,557	3,557
Community Services	56,254	75,875	19,621	65,012	(10,863)
Welfare Activities	10,000	8,133	(1,867)	28,976	20,843
Debt Services	124,000	129,589	5,589	106,741	(22,848)
Total Expenditure	4,680,142	5,643,453	963,311	5,355,956	(287,497)
Excess of Revenue over Expenditures	55,259	(553,287)	(608,546)	(344,578)	208,709
Other Financing Sources - Uses					
Financing of New Lease	-	-	-	27,270	27,270
Net Change in Fund Balance	$ 55,259	$ (553,287)	$ (608,546)	(317,308)	$ 235,979
Fund Balance - July 1, 2025				2,282,914	
Fund Balance - June 30, 2026				$ 1,965,606	

BUDGETARY INFORMATION

The annual budget is prepared by the Academy's director and submitted to the Academy's board for its approval; subsequent amendments are also submitted to the Academy 's board for approval. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2026 has not been determined. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a fund level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the Academy's board is included in the required supplemental information. The budget is adopted at the fund level.

GENERAL FUND

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

Significant variances between the Academy's original and final budgeted revenue/expenditures were as follows:

Expenditure Function	Explanation
Basic Programs	The original budget was based on how the Academy performed in fiscal year 2025 with some changes based on staff and additional cost. Staff was reclassified from added needs into the proper budgeted area for the year. As a result, the final budget showed a significant increase.
Added Needs	Staff was reclassified into basic programs; therefore, the final budget showed a decrease.
Pupil Support Services	Staff was reclassified from instructional staff services, resulting in an increase in the final budget.
Instructional Staff Services	Staff was reclassified into pupil support services; therefore, the final budget showed a decrease.
School Administration Services	Staff was reclassified from business services, resulting in an increase in the final budget.
Business Services	Staff was reclassified into school administration services; therefore, the final budget showed a decrease.

BUDGETARY INFORMATION (Continued)

GENERAL FUND (Continued)

Expenditure Function (Continued)	Explanation
Operation and Maintenance	Unforeseen repairs and maintenance at the Academy this year resulted in an increase. The original budget was based on how the Academy performed in fiscal year 2025, however, the Academy required numerous building maintenance and repair services during the school year 2026, which caused a significant change between the original budget and the final budget. These activities were necessary to address the ongoing maintenance needs of an older school facility and to support its continued operation.

Significant variances between the Academy's final budget and actual revenue/expenditures were as follows:

Revenue Function	Explanation
Federal Sources	The Academy received an amendment for Title Funds that was not included in the final budget.
Local Sources	The final budget was an estimate and did not change from the original budget, revenues came in lower than anticipated. Additionally, the Academy had budgeted for certain fundraising activities that ultimately did not take place, contributing to the revenue shortfall.
Expenditure Function	**Explanation**
Pupil Support Services	The variance reflects personnel and related support costs that were budgeted but not fully incurred during the fiscal year due to vacant positions and staffing changes. The final budget included projected costs associated with the reclassified positions, while actual expenditures reflected the costs incurred through June 30, 2026.
Pupil Transportation Services	Actual transportation expenditures totaled $93,140 compared to the final budget of $125,256, The variance is attributable to lower-than-anticipated utilization of transportation services. The Academy budgeted for the use of Ubers and other rideshare services, but they were not utilized as much as the academy initially intended. As a result, actual transportation costs were below the amount allocated in the final budget.