UNIVERSAL ACADEMY

Financial Report
with Supplemental Information
and Single Audit Report
June 30, 2026

UNIVERSAL ACADEMY

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Independent Auditor's Report

To Management
and the Board of Directors of
Universal Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining information of Universal 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, each major fund and the aggregate remaining fund information of Universal Academy as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 controls 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 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 judgement, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Auditing 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Universal Academy's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 other supplementary information as identified in the table of contents, is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2026, on our consideration of Universal 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 to describe the scope of our testing of 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 Universal Academy's internal control over financial reporting and compliance.

Wilkerson & Associate PC

Dearborn, Michigan
September 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required supplementary information — unaudited

UNIVERSAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2026

Our discussion and analysis of **Universal Academy's** (the "Academy") financial performance provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2026, with comparative information for the fiscal year ended June 30, 2025. This discussion and analysis are required supplementary information and should be read in conjunction with the Academy's basic financial statements and the notes to those statements, which follow this section. The analysis focuses on why the amounts reported changed from the prior year, not merely on the amounts by which they changed.

Overview of the Financial Statements

This annual report consists of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the basic financial statements, and (4) required supplementary information, which includes this discussion and analysis and the budgetary comparison schedule for the General Fund.

Government-wide financial statements

The statement of net position and the statement of activities report information about the Academy as a whole using the economic resources measurement focus and the accrual basis of accounting, similar to a private-sector business. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of net position presents all of the Academy's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the Academy's financial position is improving or deteriorating.

Fund financial statements

The fund financial statements report the Academy's individual funds. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which focuses on how cash and other financial resources flow into and out of the funds and on the balances remaining at year end that are available for spending.

The Academy's most significant fund is the General Fund. The Academy also reports on a Capital Projects Fund and a special revenue fund, the Food Service Fund. The Capital Projects Fund is used to record the revenue and expenditures related to the construction of school buildings and major renovations.

The Food Service Fund is used to record the revenue and expenditures related to the child nutrition program and serving food to the Academy's students. The fund is not designed to generate revenue in excess of expenditures that will accumulate a fund balance beyond three months of operational expenditures. The fund statements provide a short-term view of the resources available to finance the Academy's programs and services provided in the near term.

The Academy also reports a fiduciary fund used primarily to account for student activity funds; however, because fiduciary resources are not available to support the Academy's programs, the fiduciary fund is not included in the government-wide financial statements.

Relationship between the government-wide and fund financial statements

Because the fund statements and government-wide statements use different measurement focuses and basis of accounting for the same activities, the amounts they report differ. Reconciliations that explain these differences are presented immediately following the balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance. The principal differences relate to capital assets and the related depreciation and amortization, long-term debt obligations, and revenues that are earned but not available within the Academy's period of availability.

Notes and required supplementary information

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. Required supplementary information includes the budgetary comparison schedule for the General Fund, together with notes explaining significant variances between the original and final budgets and between the final budget and actual results. The Academy also voluntarily presents a budgetary comparison schedule for the Food Service Fund as supplementary information.

Financial Summary

The following condensed financial information is drawn from the government-wide financial statements and compares the current year with the prior year. The analysis of the reasons for these changes appears in the Detailed Analyses section that follows.

Table 1 — Condensed Statement of Net Position (Governmental Activities)

	June 30, 2026	June 30, 2025	$ Change	% Change
Current and other assets	$ 11,313,315	$ 12,376,705	$ (1,063,390)	-9%
Capital assets, net of accumulated depreciation and amortization	7,032,612	5,534,024	1,498,588	27%
Total assets	**$ 18,345,927**	**$ 17,910,729**	**$ 435,198**	2%
Current and other liabilities	1,176,710	613,034	563,676	92%
Long-term liabilities	8,625,820	9,034,497	(408,677)	-5%
Total liabilities	**$ 9,802,530**	**$ 9,647,531**	**$ 154,999**	2%
Total deferred inflows of resources	296,174	$ 329,365.00	**$ (33,191)**	-10%
Net position:				
Net investment in capital assets	$ (1,593,208)	$ (3,500,473)	$ 1,907,265	N/M
Restricted	1,136,829	1,234,142	$ (97,313)	-8%
Unrestricted (deficit)	8,703,602	10,200,164	(1,496,562)	-15%
Total net position	**$ 8,247,223**	**$ 7,933,833**	**$ 313,390**	4%

Table 2 — Condensed Statement of Activities (Governmental Activities)

	Year ended 6/30/2026	Year ended 6/30/2025	$ Change	% Change
Program revenues:				
Charges for services	$ 22,386	$ 27,489	$ (5,103)	-19%
Operating grants and contributions	1,210,588	1,117,005	93,583	8%
General revenues:				
State sources	9,565,483	8,972,049	593,434	7%
Other general revenues	469,419	453,527	15,892	4%
Total revenues	**11,267,876**	**10,570,070**	**697,806**	**7%**
Expenses:				
Instruction	4,582,622	3,625,178	957,444	26%
Supporting services	4,785,632	4,422,819	362,813	8%
Food service	577,200	691,425	(114,225)	-17%
Community services	177,171	146,799	30,372	21%
Interest and fiscal charges on long-term obligations	233,633	387,147	(153,514)	-40%
Unallocated depreciation and amortization	598,228	576,121	22,107	4%
Total expenses	**10,954,486**	**9,849,489**	**1,104,997**	**11%**
Change in net position	**313,390**	**720,581**	**(407,191)**	**-57%**
Net position — beginning of year (as restated, if applicable)	7,933,833	7,213,252	720,581	10%

Detailed Analyses

Analysis of the primary government's financial position

Cash accounted for the majority of the $1,063,390 decrease in current assets. The Academy's cash balance decreased by $1,362,914, primarily due to expenditures related to the construction of a cafeteria and restroom facilities. Management elected to use existing cash reserves to finance the project rather than issue additional debt, thereby avoiding bond issuance costs and interest expense.

Aid and grants receivable increased by $263,061 due to increases in grants and aid revenue for the year. Prepaids and deposits also increased by $29,390 due to more vendors requiring advance payments made for upcoming summer programming, as well as cost increases for future services.

Capital assets, net of accumulated depreciation, increased by $1,498,588 primarily due to the $1,851,701 in costs related to the construction project. Following MCL 380.1267, the Academy obtained competitive bids for the construction process and the project was awarded to Cunningham-Limp. The project involved the construction of a single-story cafeteria addition along with restroom facilities to enhance the Academy's infrastructure and accommodate the needs of students and staff. The construction project began in September of 2025 and was substantially completed by June 2026.

In addition to the cafeteria and restroom construction, the Academy acquired building improvements of $14,940, computer equipment of $166,644, classroom furniture and equipment $48,905, and a three-year software subscription for internet security for $14,625. Total capital asset additions were $2,096,816. Current-year depreciation expense was $598,228, resulting in a net increase in capital assets of $1,498,588.

Current liabilities increased by $563,676. Of the increase in current liabilities, accounts payable increased by $290,754 primarily due to changes in the timing of vendor payments. To manage cash flow, the Academy adjusted its payment practices to pay invoices according to their contractual due dates rather than immediately upon receipt. Although most invoices are generally paid upon receipt, as the year- end approached, the Academy paid invoices according to their contractual due dates. Accrued expenditures account for the balance of the increase in current liabilities. Accrued expenditures increased by $255,354 at year end, largely due to an increase in staffing costs for the year.

Long-term liabilities decreased by $408,677 due to a bond principal payment made during the year.

Analysis of the primary government's results of operations

Total revenues increased by $697,806, primarily due to increases in state-sources revenue. The Academy received $442 per-pupil allowance increase and experienced a moderate increase in enrollment, resulting in $396,546 in additional revenue. State-source revenues also increased by approximately $196,888 due to an increase in program-specific categorical allocations designated for mandated educational services. Operating grants increased by $93,583 due to increased allocations of federal funding.

Instruction expenses increased by $957,444, predominately due to additional staff and increased costs associated with providing instructional services. The Academy added approximately 10 teachers and paraprofessionals to support the critical student needs. Academy personnel are provided by the Management Company. Staffing costs increased by approximately 15% over the past year due to increases in salaries and benefits.

Supporting services expenses increased by $362,813, primarily due to the addition of administrative personnel to support instructional staff and increases in salary and benefits costs.

Food Service expenses decreased by $114,225, largely due to cost-control measures that included menu modifications, increased utilization of commodities and goods available through purchasing consortiums, and the acquisition of supplies from lower-cost vendors. These measures were implemented to better align food service costs with available program revenues.

Interest and fiscal charges decreased by $153,514 as a result of lower outstanding debt principal and the corresponding reduction in interest costs.

Analysis of major fund balances and results of operations

The Academy reports on two major funds—the General Fund and the Capital Projects Fund in the governmental fund financial statements. The following analysis addresses the financial results of the General Fund and the Capital Projects Fund and the extent to which resources remain available for spending.

General Fund — The General Fund's fund balance decreased by $1,567,226, primarily due to the construction of the cafeteria. Prior to the transfer of $1,851,701 to the Capital Projects Fund, the General Fund had an excess of revenue over expenditures of $284,475. The Academy does not anticipate the need to provide support to the Capital Projects Fund going forward, as the project was complete as of July 2026.

Capital Projects Fund—The Capital Projects Fund was utilized to track and manage the costs related to the construction of cafeteria and restroom facilities. The Academy did not borrow funds for the project, but utilized cash reserves. As mentioned, the General Fund transferred the needed resources for the construction project.

Currently Known Facts, Decisions, or Conditions

The following facts, decisions, and conditions are known to management as of the date of the independent auditor's report and are expected to have a significant effect on the Academy's financial position or results of operations in future periods.

Enrollment
For fiscal year 2026–27, the Academy's budgeted enrollment is 717 students, compared with the state pupil count of 703 for fiscal year 2025–26. The Academy's estimate is based on intent-to-return data and a historical analysis of enrollment trends. Approximately 86% of total General Fund revenue is from state aid funding. 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 2026-27 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2026-27 budget. Once the final student count and related per-pupil funding is validated, State law requires the Academy to amend the budget if the Academy's actual resources are not sufficient to fund original appropriations.

State funding
For the fiscal year 2025-26 the Academy received $10,050 per pupil from the State of Michigan. For the upcoming school year, the foundation allowance has increased and the Academy will receive $10,300 per pupil.

Oversight
The Academy entered into a five-year contract with Oakland University to charter a public-school academy, effective July 1, 2023. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Oakland University is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Oakland University an administrative fee equal to 3% of State aid received, as defined in the charter agreement. For the fiscal year ended June 30, 2026, the Academy incurred approximately $263,243 in administrative oversight fees. The contract with Oakland University expires on June 30, 2028.

Management

The Academy is managed by Hamadeh Educational Services, Inc. (the "Management Company"). The Management Company is responsible for all management, operation, administration, and education of the Academy. All Academy personnel are provided by the Management Company. Under the management agreement, the Academy pays the Management Company a fee equal to 12% of state aid and federal revenue, as defined in the management agreement. For the fiscal year ended June 30, 2026, the Academy incurred approximately $1,307,258 in management fees.

Contacting the Academy's Financial Management

This financial report is designed to provide the Academy's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the resources it receives. Questions concerning this report or requests for additional information should be directed to the business office.

NOTE A – BUDGETARY INFORMATION

The Academy follows these procedures in establishing the budgetary data presented in the budgetary comparison schedules:

1. Prior to July 1, the Academy prepares a proposed operating budget for the fiscal year beginning on that date, covering the General Fund and the Food Service Fund.

2. A public hearing is held to obtain taxpayer and community comments on the proposed budget.

3. Prior to July 1, the budget is legally adopted by the Board of Directors. The original fiscal year 2025–26 budget was adopted following a public hearing in accordance with this process.

4. The budget is amended during the year as management identifies the need for revisions. The final amendment to the fiscal year 2025–26 budget was adopted before June 30, 2026.

5. Budgets for the General Fund and the Food Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP), which is the same basis used to present actual results in these schedules.

6. The legal level of budgetary control, which is the level at which expenditures may not legally exceed appropriations without Board approval, is the function level. Individual function codes are grouped into the functional categories shown in these schedules. For example, function codes 281 through 285 are budgeted and controlled together as "Central." Appropriations lapse at year-end.

7. Amounts encumbered for purchase orders, contracts, and similar commitments are not tracked during the year. Budget appropriations are considered expended when goods are delivered or services are rendered.

NOTE B – SIGNIFICANT VARIANCES BETWEEN THE ORIGINAL AND FINAL BUDGET

General Fund

Budgeted revenues increased by $711,067 from the original budget to the final budget. The increase was primarily attributable to a $563,116 increase in state resources and program-specific categorical allocations. Revised estimates of local and federal sources accounted for the remaining $147,951 increase in revenue.

Budgeted expenditures increased by $2,148,428, with key increases occurring in instructional services $1,403,468, pupil support services $104,456, general administration $209,746, and operations and maintenance $188,660. The increase in budgeted expenditures reflected revised projections of the costs necessary to maintain the Academy's existing level of instructional and operational services.

Food Service Fund

Budgeted revenue decreased by $163,253 from the original budget to the final budget, with 90% of the decrease attributable to revised projections of federal revenue. The Academy reduced projected revenues based on revised estimates of the number of students expected to be served and related federal reimbursements. Budgeted food service expenditures decreased by $89,713. These budget modifications reflected updated estimates of related food costs and supplies for the fiscal year.

NOTE C – SIGNIFICANT VARIANCES BETWEEN THE FINAL BUDGET AND ACTUAL RESULTS

General Fund

Actual revenues were $104,474 greater than the final budget, primarily due to unanticipated federal funding that was received by the end of the fiscal year. Actual expenditures were $1,256,591 below the final budget because certain anticipated expenditures did not materialize by the end of the fiscal year.

Food Service Fund

Actual revenues exceeded the final budget by $15,210 primarily due to federal sources being greater than anticipated. Actual expenditures were $16,151 below the final budget because certain anticipated expenditures did not materialize by the end of the fiscal year.

NOTE D – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Academy incurred no expenditures in excess of final budgeted appropriations at the function level for the General Fund or the Food Service Fund during the fiscal year ended June 30, 2026. Accordingly, no violations of the Uniform Budgeting and Accounting Act occurred with respect to expenditures exceeding budgeted appropriations.

NOTE E – FOOD SERVICE FUND BUDGETARY COMPARISON

Governmental Accounting Standards Board (GASB) standards require budgetary comparison information to be presented as required supplementary information for the General Fund and each major special revenue fund with a legally adopted annual budget. The Food Service Fund is a nonmajor special revenue fund. Accordingly, its budgetary comparison schedule is presented voluntarily as other supplementary information rather than as required supplementary information.

UNIVERSAL ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Actual	Variances Over/(Under)	
	Original	Final	(GAAP Basis)	Original Budget to Final Budget	Final Budget Actual
Revenues					
Local sources	$ 94,576	$ 132,000	$ 140,605	$ 37,424	$ 8,605
State sources	8,975,132	9,538,248	9,563,338	563,116	25,090
Federal Sources	555,265	650,792	717,757	95,527	66,965
Other local revenue	310,000	325,000	328,814	15,000	3,814
Total governmental fund revenues	**9,934,973**	**10,646,040**	**10,750,514**	**711,067**	**104,474**
Expenditures					
Instructional Services	3,811,027	5,214,495	4,606,478	1,403,468	(608,017)
Supporting Services:					
Pupil support services	539,227	643,683	603,803	104,456	(39,880)
Instructional support services	1,460,063	1,483,449	1,134,800	23,386	(348,649)
General administration	1,589,431	1,799,177	1,720,297	209,746	(78,880)
School administration	162,235	179,867	179,439	17,632	(428)
Business support services	71,334	84,522	73,058	13,188	(11,464)
Operations and maintenance	674,835	863,495	802,125	188,660	(61,370)
Pupil transportation services	15,652	13,049	7,085	(2,603)	(5,964)
Central support services	397,825	434,486	420,076	36,661	(14,410)
Other support services	23,922	79,260	53,307	55,338	(25,953)
Community Services	128,151	192,297	177,171	64,146	(15,126)
Facilities acquisition, construction & improvemen	-	42,750	12,900	42,750	(29,850)
Debt service	700,500	692,100	675,500	(8,400)	(16,600)
Total governmental fund expenditures	**9,574,202**	**11,722,630**	**10,466,039**	**2,148,428**	**(1,256,591)**
Excess (deficiency) of revenues over expenditures	**360,771**	**(1,076,590)**	**284,475**	**(1,437,361)**	**1,361,065**
Other financing sources (uses)					
Operating transfers in (out)	-	(1,869,757)	(1,851,701)	(1,869,757)	18,056
Total other financing sources (uses)	**-**	**(1,869,757)**	**(1,851,701)**	**(1,869,757)**	**18,056**
Excess of revenues and other financing sources over expenditures and other uses	**360,771**	**(2,946,347)**	**(1,567,226)**	**(3,307,118)**	**1,379,121**
Fund Balance, July 1, 2025	**11,168,088**	**11,688,729**	**11,688,729**	**520,641**	**-**
Fund Balance, June 30, 2026	**$ 11,528,859**	**$ 8,742,382**	**$ 10,121,501**	**$ (2,786,477)**	**$ 1,379,119**

UNIVERSAL ACADEMY
OTHER SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Actual	Variances Over/(Under)	
	Original	Final	(GAAP Basis)	Original Budget to Final Budget	Final Budget Actual
Revenues					
Local sources	$ 20,500	$ 19,100	$ 22,386	$ (1,400)	$ 3,286
State sources	25,600	10,878	2,145	(14,722)	(8,733)
Federal Sources	650,000	502,869	523,526	(147,131)	20,657
Total governmental fund revenues	**696,100**	**532,847**	**548,057**	**(163,253)**	**15,210**
Expenditures					
Food Service	683,064	593,351	577,200	(89,713)	(16,151)
Total governmental fund expenditures	**683,064**	**593,351**	**577,200**	**(89,713)**	**(16,151)**
Excess (deficiency) of revenues over expenditures	**13,036**	**(60,504)**	**(29,143)**	**(73,540)**	**31,361**
Other financing sources (uses)					
Operating transfers in (out)	-	16,257	-	16,257	(16,257)
Total other financing sources (uses)	-	**16,257**	-	**16,257**	**(16,257)**
Excess of revenues and other financing sources over expenditures and other uses	**13,036**	**(44,247)**	**(29,143)**	**(57,283)**	**15,104**
Fund Balance, July 1, 2025	**198,528**	**44,247**	**44,247**	**(154,281)**	-
Fund Balance, June 30, 2026	**$ 211,564**	**$ -**	**$ 15,104**	**$ (211,564)**	**$ 15,104**

UNIVERSAL ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$ 7,835,635
Cash and cash equivalents-restricted	1,121,725
Receivables	
State aid	1,664,387
Federal & state grants	363,937
Prepaid cost & other assets	327,631
Capital assets, net of accumulated depreciation	7,032,612
Total Assets	18,345,927
Liabilities	
Accounts payable	390,442
Accrued expenditures	755,593
Other current liabilities	30,675
Long-term liabilities, due within one year	418,677
Total Current Liabilities	1,595,387
Long-term liabilities:	
Long-term liabilities, due after one year	8,207,143
Total Long-Term Liabilities	8,207,143
Deferred inflow of resources	296,174
Total Liabilities and Deferred inflow of resources	10,098,704
Net Position	
Net investment in capital assets	(1,593,208)
Restricted	1,136,829
Unrestricted	8,703,602
Total net position	$ 8,247,223

UNIVERSAL ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenues and Changes in Net Assets
Governmental Activities				
Instruction	$ 4,582,622	$ -	$ 687,062	$ (3,895,560)
Supporting Services				
Pupil support services	603,803	-	-	(603,803)
Instructional support services	953,531	-	-	(953,531)
General administration	1,720,297	-	-	(1,720,297)
School administration	179,439	-	-	(179,439)
Business services	73,058	-	-	(73,058)
Operations and maintenance	807,625	-	-	(807,625)
Transportation	7,085	-	-	(7,085)
Central support services	403,298	-	-	(403,298)
Other support services	37,496	-	-	(37,496)
Community activities	177,171	-	-	(177,171)
Food service	577,200	22,386	523,526	(31,288)
Depreciation	598,228	-	-	(598,228)
Interest and fees on long-term debt	233,633	-	-	(233,633)
Total Governmental Activities	$ 10,954,486	$ 22,386	$ 1,210,588	(9,721,512)
General Revenues				
State aid - all sources				9,565,483
Other sources				469,419
Total General Revenues				10,034,902
Change in Net Assets				313,390
Net Position - July 1, 2025				7,933,833
Net Position - June 30, 2026				$ 8,247,223

UNIVERSAL ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Non-Major Funds	Total
Assets			
Cash and cash equivalents	$ 7,835,635	$ -	$ 7,835,635
Cash and cash equivalents-restricted	1,121,725	-	1,121,725
Due from other governmental units	1,995,688	32,636	2,028,324
Due from other funds	1,209	-	1,209
Prepaids and other current assets	327,631	-	327,631
Total Assets	**$ 11,281,888**	**$ 32,636**	**$ 11,314,524**
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 390,442	$ -	$ 390,442
Due to other funds	19,617	1,209	20,826
Accrued expenses	750,328	5,265	755,593
Other current liabilities	-	11,058	11,058
Total Liabilities	1,160,387	17,532	1,177,919
Fund Balances			
Non-Spendable Fund Balance:			
Prepaid cost	327,631	-	327,631
Restricted Fund Balance:			
Food service	-	15,104	15,104
Debt service	1,121,725	-	1,121,725
Assigned Fund Balance:			
Capital projects	1,000,000	-	1,000,000
Unrestricted Fund Balance:			
Unassigned fund balance	7,672,145	-	7,672,145
Total Fund Balance	10,121,501	15,104	10,136,605
Total Liabilities and Fund Balances	**$ 11,281,888**	**$ 32,636**	**$ 11,314,524**

UNIVERSAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balances - Governmental Funds		$ 10,136,605
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	$ 15,460,991	
Accumulated depreciation	(8,428,379)	7,032,612
Bonds payable and bond premiums are not due and payable in the current period and therefore, are not reported in the funds.		(8,625,820)
Deferred inflow of resources		(296,174)
Total Net Position - Governmental Activities		$ 8,247,223

UNIVERSAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 140,605	-	$ 22,386	$ 162,991
State sources	9,563,338	-	2,145	9,565,483
Federal sources	717,757	-	523,526	1,241,283
Incoming transfers and other local revenue	328,814	1,851,701	-	2,180,515
Total Governmental Fund Revenues	**10,750,514**	**1,851,701**	**548,057**	**13,150,272**
Expenditures				
Instruction	4,606,478	-	-	4,606,478
Support Services:				
Pupil support services	603,803	-	-	603,803
Instructional staff services	1,134,800	-	-	1,134,800
General administration	1,720,297	-	-	1,720,297
School administration	179,439	-	-	179,439
Business support services	73,058	-	-	73,058
Operations & maintenance	802,125	-	-	802,125
Transportation	7,085	-	-	7,085
Central support services	420,076	-	-	420,076
Other support services	53,307	-	-	53,307
Food services	-	-	577,200	577,200
Community activities	177,171	-	-	177,171
Facilities acquisition & construction	12,900	1,851,701	-	1,864,601
Debt service principal, interest and fees	675,500	-	-	675,500
Total Governmental Fund Expenditures	**$ 10,466,039**	**$ 1,851,701**	**$ 577,200**	**$ 12,894,940**
Excess of Revenue (Under) Over Expenditures	**284,475**	-	**(29,143)**	**255,332**
Other Financing Sources (Uses)				
Transfer to Capital Projects fund	(1,851,701)	-	-	(1,851,701)
Total other financing sources (uses)	**(1,851,701)**	-	-	(1,851,701)
Net Change in Fund Balances	(1,567,226)	-	(29,143)	(1,596,369)
Fund Balance, July 1, 2025	**11,688,729**	-	**44,247**	**11,732,976**
Fund Balance, June 30, 2026	**$ 10,121,501**	**$ -**	**$ 15,104**	**$ 10,136,605**

UNIVERSAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2026

Total Net Change in Fund Balance - Governmental Funds		$ (1,596,369)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:		
Capitalized Outlay	$ 2,096,816	
Depreciation Expense	(598,228)	1,498,588
Revenues are reported in the statement of activities when earned; they are not reported in the funds until collected or collectible with 60 days of year end.		
Prior year deferred revenue		(30,695)
Repayment of bond principal is an expenditure in the govenmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Bond principal payments		360,000
Amortization of bond premium		48,677
Amortization of deferred inflow of resources		33,192
Change in Net Assets of Governmental Activities		$ 313,390

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Universal Academy (the "Academy") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

A. Reporting Entity

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

The contract with Oakland University expired on June 30, 2023, and the contract was renewed for 5 years ending June 30, 2028. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. The Oakland University Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Oakland University Board of Trustees 3 percent of State Aid as administrative fees. The total administrative fee paid through Universal Academy to the Oakland University Board of Trustees was approximately $263,243.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate, component units of the Academy. Based on application of the criteria, the entity does not contain component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of 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 revenue. 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 and capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, although the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Statements

The government-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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of the interfund activity has been substantially eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

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 government considers revenue 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 required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation *(continued)*

Fund-Based Statements *(continued)*

Unrestricted state aid, intergovernmental grants and interest 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 government.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law.

The Academy also receives revenue from the State to administer certain categorical educational programs. State rules require that revenue earmarked for programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expected to be expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation *(continued)*

Fund-Based Statements *(continued)*

The Academy reports on the following major governmental fund:

General Fund
The General Fund is used to record the general operation of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Capital Projects Fund
The Capital Projects Fund is used to record the acquisition, construction, or major improvement of long-term capital assets.

Additionally, the Academy reports the following non-major governmental Food Service and Fiduciary Funds:

Food Service Fund
This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes in the Academy's food service program. Any deficit generated by this activity is the responsibility of the General Fund.

Custodial Funds
Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Academy maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and student activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Assets, Liabilities and Net Position or Equity

Deposits, Cash Equivalents and Investments

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

The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk are used as depositories.

The Academy is authorized by Michigan Compiled Laws, Section 129.91 to invest surplus monies in federally insured United States banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is also authorized to invest in bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers' acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Pooled investment income from the General Fund and various Debt Service Funds are allocated to each fund based upon the balance of the principal invested.

Receivables

Receivables at June 30, 2026 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2026 and are considered current for the purposes of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Assets, Liabilities and Net Position or Equity *(continued)*

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2026, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and a expenditure is reported in the year in which the services are consumed.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of five years. 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. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Academy does not have any infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and other equipment	5 – 20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Assets, Liabilities and Net Position or Equity *(continued)*

MPSERS Liability

The Academy contracted with Hamadeh Educational Services, Inc. to provide all staffing personnel during the year under audit. Consequently, all staffing cost is treated as purchased services in these financial statements.

The Academy has no obligation to fund the Michigan Public School Employees Retirement System for the year ended June 30, 2026.

Deferred Revenue

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as issuance costs, during the current period.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Assets, Liabilities and Net Position or Equity *(continued)*

Deferred Outflows/Inflows of Resources
(continued)

This separate financial statement element, deferred inflows of resources, 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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the fund financial statements, governmental funds report the following components of the fund balance:

- **Non-spendable**- Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted**- Amounts that are legally restricted by outside parties, constitutional provision, or by enabling legislation for use of a specific purpose.
- **Committed**- Amounts that have been formally set aside by the Board of Directors for use and specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.
- **Assigned**- Intent to spend the resources on a specific purpose expressed by the Board of Directors.
- **Unassigned**- Amounts that do not fall into any of the above categories. This is the residual classification for amounts in the General Fund and represents the fund balance that has not been assigned to other funds or has not been restricted, committed or assigned for specific purposes in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

D. Assets, Liabilities and Net Position or Equity *(continued)*

Fund Equity *(continued)*

The Academy uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as debt covenants or grant agreements requiring dollar for dollar spending. Additionally, when necessary, the Academy would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Academy does not have a formal minimum fund balance policy. The Board of Directors shall ensure that adequate funds are reserved for the General Fund to maintain a secure financial position.

Comparative Data

Comparative data is not included in the Academy's financial statements.

Government-wide financial statements (statement of net position and statement of activities) prepared using full accrual accounting for all of the Academy's activities have been provided.

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 reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The Academy is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgetary Act). The following is a summary of the requirements of the Act:

1. Budgets must be adopted for the General Fund, Special Revenue Funds, and Debt Service Funds by July 1.

2. The budgets must be balanced.

3. The budgets must be amended when necessary.

4. Public hearings must be held before budget adoptions.

5. Expenditures cannot exceed budget appropriations.

6. Expenditures must be authorized by a budget before being incurred.

The Academy formally adopted General Fund, Capital Projects Fund and Special Revenue Funds (Food Services) budgets by function for the fiscal year ended June 30, 2026. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations

lapse at year end; encumbrances are not included as expenditures. No encumbrances were outstanding in the General Fund and Special Revenue Funds at June 30, 2026. During the current year, the budget was amended in a legally permissible manner.

The combined statement of revenues, expenditures and changes in fund balances – all governmental fund types is presented in conformity with generally accepted accounting principles. The combined statement of revenues, expenditures and changes in fund balances – budget and actual is presented on the same basis of accounting used in preparing the adopted budget.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
(continued)

Budgetary Data
(continued)

Excess of Expenditures Over Appropriations of Budgetary Funds

The Academy did not have any expenditures in functional areas that were in excess of amounts appropriated, as described on page 31 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, 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 statutory authority. The Academy has designated one bank for the deposit of its funds, and has not adopted any other formal investment policy.

The Academy's cash and investments are subject to custodial credit risk, which is examined in more detail.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy evaluates its depositories and only those with an acceptable risk level are used for the Academy's deposits. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

At year end, the Academy's deposits and investments were reported in the basic financial statements as cash and cash equivalents of $7,835,636. The deposits of the Academy were reflected in the accounts of the financial institution at $7,873,611 of which $784,582 is covered by federal depository insurance.

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2025	Additions	Balance June 30, 2026
Assets being depreciated:			
Building	$ 10,446,737	$ 1,851,701	$ 12,298,438
Leasehold improvements	31,561	14,940	46,501
Furniture, fixtures & computer equipment	2,786,553	215,550	3,002,103
Subscription Based Information Tech	-	14,625	14,625
Playground equipment	23,085	-	23,085
Other equipment	31,890	-	31,890
Vehicles	44,350	-	44,350
Subtotal	$ 13,364,176	$ 2,096,816	$ 15,460,992
Accumulated depreciation:			
Building	$ 5,163,611	$ 522,337	$ 5,685,948
Leasehold improvements	31,561	769	32,330
Furniture, fixtures & computer equipment	2,552,361	66,199	2,618,560
Subscription Based Information Tech	-	4,063	4,063
Playground equipment	23,085	-	23,085
Other equipment	31,890	-	31,890
Vehicles	27,645	4,860	32,505
Subtotal	7,830,153	598,228	8,428,380
Net Capital Assets	$ 5,534,023	$ 1,498,588	$ 7,032,612

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

NOTE 5 - RISK MANAGEMENT

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

NOTE 6 - ADMINISTRATIVE SERVICES

The Academy has entered into a management agreement with Hamadeh Educational Services, Inc. (H.E.S.). Under the terms of the management agreement, H.E.S. provides all the required labor, materials, and supervision necessary for the provision of educational services to the students, as well as the management, operation, and maintenance of the Academy. All costs incurred in providing this educational program at the Academy are reimbursed by the Academy to H.E.S. In addition, the Academy pays a 12 percent management fee computed on all state and federal revenue sources.

Management fees for the year ended June 30, 2026 were approximately $1,307,258.

NOTE 7 - BONDS PAYABLE

On December 1, 2021, University Academy refunded 2013 "Public School Academy Revenue Bonds" that were obtained to finance the acquisition and the construction of real estate property located in the City of Detroit.

Bonds payable can be summarized as follows:

	July 1, 2025	Additions	Payments/ Amortization	June 30, 2026
Bonds Payable	$ 8,280,000	-	$ (360,000)	7,920,000
Bond Premium	754,497	-	(48,677)	705,820
TOTAL	$ 9,034,497	$ -	$ (408,677)	$ 8,625,820

NOTE 7 - BONDS PAYABLE *(continued)*

Future Bond Debt Service is as follows:

Maturity Date	Principal Amount	Period	Interest Amount	Total Debt Service
12/1/2026	370,000	2026 - 2027	305,700	675,700
12/1/2027	375,000	2027 - 2028	294,500	669,500
12/1/2028	390,000	2028 - 2029	279,200	669,200
12/1/2029	405,000	2029 - 2030	263,300	668,300
12/1/2030	425,000	2030 - 2031	246,700	671,700
2031 - 2041	5,955,000	2031 - 2041	1,381,500	7,336,500
TOTAL	**$ 7,920,000**		**$ 2,770,900**	**$ 10,690,900**

NOTE 9 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2026, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements.*

Summary

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of Statement No. 103 is to improve key components of the governmental financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The requirements of Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Accordingly, the Academy implemented the provisions of Statement No. 103 for the year ended June 30, 2026. The Statement includes targeted improvements to the presentation and disclosure requirements related to management's discussion and analysis, unusual or infrequent items, proprietary fund financial statements, major component unit information, and budgetary comparison information.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 24, 2026, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

UNIVERSAL ACADEMY
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Actual	Variances Over/(Under) Final
	Original	Final	(GAAP Basis)	to Actual
Revenues				
Local sources	$ 94,576	$ 132,000	$ 140,605	$ 8,605
State sources	8,975,132	9,538,248	9,563,338	25,090
Federal sources	555,265	650,792	717,757	66,965
Other local revenue	310,000	325,000	328,814	3,814
Total Governmental Fund Revenues	**9,934,973**	**10,646,040**	**10,750,514**	**104,474**
Expenditures				
Instructional Services	3,811,027	5,214,495	4,606,478	(608,017)
Supporting Services:				
Pupil support services	539,227	643,683	603,803	(39,880)
Instructional staff services	1,460,063	1,483,449	1,134,800	(348,649)
General administration	1,589,431	1,799,177	1,720,297	(78,880)
School administration	162,235	179,867	179,439	(428)
Business support services	71,334	84,522	73,058	(11,464)
Operations and maintenance	674,835	863,495	802,125	(61,370)
Transportation	15,652	13,049	7,085	(5,964)
Central support services	397,825	434,486	420,076	(14,410)
Other support services	23,922	79,260	53,307	(25,953)
Community activities	128,151	192,297	177,171	(15,126)
Facilities acquisition and construction	-	42,750	12,900	(29,850)
Debt service interest & fees	700,500	692,100	675,500	(16,600)
Total Governmental Fund Expenditures	**9,574,202**	**11,722,630**	**10,466,039**	**(1,256,591)**
Excess of Revenues over Expenditures	**360,771**	**(1,076,590)**	**284,475**	**1,361,065**
Other Financing Sources (uses)				
Transfer to Capital Projects fund	-	(1,869,757)	(1,851,701)	(18,056)
Total Other Financing Sources (uses)	**-**	**(1,869,757)**	**(1,851,701)**	**18,056**
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	**360,771**	**(2,946,347)**	**(1,567,226)**	**(1,379,121)**
Fund Balance, July 1, 2025	**11,168,088**	**11,688,729**	**11,688,729**	**-**
Fund Balance, June 30, 2026	**$ 11,528,859**	**$ 8,742,382**	**$ 10,121,501**	**$ 1,379,119**

See accompanying notes to the financial statements

UNIVERSAL ACADEMY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2026

	Food Services
Revenues	
Local sources	$ 22,386
State sources	2,145
Federal sources	523,526
Total Revenues	548,057
Expenditures	
Food services	577,200
Total Expenditures	577,200
Excess of Revenues Over Expenditures and Other Financing Sources	(29,143)
Fund Balance - July 1, 2025	44,247
Fund Balance - June 30, 2026	$ 15,104

See accompanying notes to the financial statements

UNIVERSAL ACADEMY
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2026

	Custodial Funds
ASSETS	
Due from General Fund	$ 19,617
TOTAL ASSETS	$ 19,617
NET POSITION	
Restricted for:	
Individuals, organizations and other custodial activities	$ 19,617
TOTAL NET POSITION	$ 19,617

See accompanying notes to the financial statements

UNIVERSAL ACADEMY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Funds
Additions	
Fundraisers	$ 52,493
Total additions	52,493
Deductions	
Supplies and materials	44,303
Total deductions	44,303
Net increase (decrease) in fidicuary net position	8,190
Net Position, July 1, 2025	11,427
Net Position, June 30, 2026	$ 19,617

See accompanying notes to the financial statements

UNIVERSAL ACADEMY
REPORT TO THE BOARD OF DIRECTORS

JUNE 30, 2026

Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

3 PARKLANE BLVD. SUITE 612
DEARBORN, MICHIGAN 48126
313-982-4340 FAX 313-982-4342

LARRY WILKERSON, C.P.A
THOMAS E. WILKERSON, C.P.A

To the Board of Directors of
Universal Academy

We have recently completed our audit of the basic financial statements of Universal Academy (the "Academy") as of and for the year ended June 30, 2026.In addition to our audit report, we are providing the following required audit communication, recommendations, and informational items which impact the Academy:

	Page(s)
Results of Audit	**2-5**
Recommendations	**6**
Informational Items	**6-7**

We are grateful for the opportunity to be of service to Universal Academy. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Wilkerson & Associate PC

September 24, 2026

Members: A.I.C.P.A. and M.I.C.P.A.

To the Board of Directors
Universal Academy
September 24, 2026

Results of the Audit

We have audited the financial statements of Universal Academy (the "Academy") as of and for the year ended June 30, 2026, and have issued our report thereon dated September 24, 2026, Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 26, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Academy. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Academy's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Academy's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated September 24, 2026, regarding 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.

We are also obligated to communicate certain matters related to our audit of those responsible for the governance of the Academy, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters during the preliminary audit phase.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter. We will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Academy are described in Note 1 to the financial statements, a new accounting policy was adopted, GASB 103, and the application of existing policies were not changed during the year ended June 30, 2026

We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates included in this year's financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures included in the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management Consultants with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultant involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Directors
Universal Academy
September 24, 2026

Other Audit Findings or Issues

In the normal course of our professional association with the Academy, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Academy's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Academy's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule, and nothing came to our attention that caused us to believe that such information, or its manner of presentation is materially inconsistent with the information or manner of its presentation in the financial statements.

In addition to the comments and recommendations in this letter, our observations and comments regarding the Academy's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the 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.*

This information is intended solely for the use of the board of directors and management of Universal Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Wilkerson & Associate PC

Larry D. Wilkerson, CPA

Recommendations

UNIVERSAL ACADEMY RECOMMENDATIONS

As a result of auditing standards required to be implemented last year, the audit continues to require a strong emphasis to be placed on the Academy's internal control systems. The primary goal of internal controls is to provide a reasonable (as opposed to absolute) protection to the Academy and its assets and financial information. During this year's audit process, we noted no items that required management to make changes; therefore, no recommendations are made for this year.

Informational Items

UNIVERSAL ACADEMY

September 24, 2026

GASB Statement No. 105 – Subsequent Events, was issued to enhance the consistency and clarity of financial reporting regarding events after the financial statement date but before the financial statements are issued.

This statement is effective for the first time in the Academy's **June 30, 2027,** financial statements.

Key Highlights

Improved Consistency: The primary objective of the statement is to reduce variability in how governments evaluate and report subsequent events, ensuring a more uniform application of guidance.

Clarified Definitions: GASB 105 provides clearer definition regarding what constitutes a subsequent event, helping governments better distinguish between events that require adjustment to the financial statements and those that only require disclosure.

Defined Evaluation Period: The standard clarifies the time frame for evaluating subsequent events, explicitly addressing when the evaluation period ends in relation to the issuance of financial statements.

Enhance Disclosure Requirements: It defines the requirements for disclosing subsequent events to better meet the information needs of financial statement users, ensuring that significant events are appropriately communicated.

Effective Date

GASB Statement No. 105 is effective for years beginning after June 15, 2026, and all reporting periods thereafter.