W-A-Y ACADEMY OF FLINT

FINANCIAL REPORT
WITH
SUPPLEMENTARY INFORMATION

JUNE 30, 2026

W-A-Y ACADEMY OF FLINT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
W-A-Y Academy of Flint
Flint, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of W-A-Y Academy of Flint (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 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 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 29, 2026

W-A-Y Academy of Flint is a grade 7-12 Public School Academy located in Flint, Michigan. This Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Academy administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2026.

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

Fund Financial Statements:

The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, the Academy's major instruction and instructional support activities are reported in the general fund. Additional governmental activities would be reported in their relevant special revenue funds. WAY Michigan does not currently have any special revenue funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. Payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Academy-wide Financial Statements:

The Academy-wide financial statements are maintained using the full accrual basis. They report all the Academy's assets and liabilities, both short and long term, regardless if they are currently available or not. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements. The Academy has no capital assets or long-term obligations as of the end of the fiscal year.

ACADEMY-WIDE FINANCIAL ANALYSIS

2025-2026 was W-A-Y Academy of Flint's twelfth year of operation. Actual enrollment was slightly higher than previously projected, and appears to have stabilized going into 2026-2027. The following represents a summary of the Academy's net position as of June 30, 2026 and 2025:

	2026	2025	Increase (Decrease)	Percentage Variance
Assets				
Cash and Cash Equivalents	$ 29,126	$ 13,050	$ 16,076	123.2%
Accounts Receivable	252	-	252	0.0%
Due From Other Governmental Units	298,956	275,280	23,676	8.6%
Prepaid Expenses	6,321	5,646	675	12.0%
Total Assets	334,655	293,976	40,679	13.8%
Liabilities				
Accounts Payable	231,018	266,080	(35,062)	-13.2%
Accrued Payroll	65,264	71,398	(6,134)	-8.6%
Total Liabilities	296,282	337,478	(41,196)	-12.2%
Net Position				
Unrestricted	38,373	(43,502)	81,875	-188.2%
Total Net Position	$ 38,373	$ (43,502)	$ 81,875	-188.2%

As of June 30, 2026, the Academy reported total assets of $334,655, an increase of $40,679, or 14%, compared to the prior year. The increase was primarily attributable to higher state aid revenue creating a larger state aid receivable at June 30, 2026. Total liabilities decreased by $41,196, or 12%, primarily due to payments made toward outstanding accounts payable owed to the WAY Program.

The $38,373 in unrestricted net position represents Academy funds that have not been contractually committed or designated for debt obligations and are available for future use.

The results of the year's operations for the Academy as a whole are reported in the Statement of Activities. The summaries of the academy-wide results of operations for the years ended June 30, 2026 and 2025 are as follows:

Change in Net Position for the years ending June 30, 2026 and 2025

	2026	2025	Increase (Decrease)	Percentage Variance
Revenue				
Operating Grants & Contributions	$ 437,034	$ 455,815	$ (18,781)	-4.1%
State School Aid - Unrestricted	1,018,167	924,599	93,568	10.1%
Miscellaneous	12,184	22,433	(10,249)	-45.7%
Total Revenues	1,467,385	1,402,847	64,538	4.6%
Functions/Program Expenses				
Instruction	558,426	567,311	(8,885)	-1.6%
Instruction Support Services	827,084	784,128	42,956	5.5%
Total Expenses	1,385,510	1,351,439	34,071	2.5%
Change in Net Position	81,875	51,408	30,467	59.3%
Net Position - Beginning of Year	(43,502)	(94,910)	51,408	-54.2%
Net Position - End of the Year	$ 38,373	$ (43,502)	$ 81,875	-188.2%

For fiscal year 2026, the Academy's total revenues increased by $64,538, or 5%, primarily due to higher state aid and increased student enrollment. Total expenses increased by $34,071, or 3%, primarily due to higher access fees. As a result, the Academy reported an increase in net position of $81,875, improving its financial position from a deficit of $43,502 to a positive ending net position of $38,373.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

Revenues, Expenditures And Changes In Fund Balances – General Fund

	2026	2025	Increase (Decrease)	Percentage Variance
Revenues	$ 1,469,361	$ 1,400,871	$ 68,490	4.9%
Expenditures	1,385,510	1,351,439	34,071	2.5%
Excess of Revenues over Expenditures	83,851	49,432	34,419	69.6%
Fund Balance, Beginning of Year	(45,478)	(94,910)	49,432	-52.1%
Fund Balance, End of Year	$ 38,373	$ (45,478)	$ 83,851	-184.4%

For the changes in revenues and expenses refer to the explanation above for changes in net position.

CURRENTLY KNOWN FACTS, DECISIONS OF CONDITIONS

The Preliminary Budget for the 2026-27 fiscal year was adopted by the Board of Education in June 2026. Some definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2026-27 budget preparation process include:

- Enrollment projections of students in grades 7-12.
- Projected 2026-2027 increase of grant funds.
- Increases in staffing to accommodate increased student enrollment.
- Budgetary increases to accommodate increased rent costs and utility costs.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year.

CONTACTING THE ACADEMY'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Academy's finances. If you have questions about this report or need additional information, please contact Sherry A. Lynem, Director of Finance, at 397 Main Street Suite 1, Belleville, Michigan, 48111 (734-345-9957 Ext 101).

W-A-Y ACADEMY OF FLINT

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 3)	$ 29,126
Accounts Receivable	252
Due From Other Governmental Units (Note 4)	298,956
Prepaid Expenses	6,321
Total Assets	334,655
LIABILITIES	
Accounts Payable	231,018
Accrued Payroll	65,264
Total Liabilities	296,282
NET POSITION	
Unrestricted	38,373
Total Net Position	$ 38,373

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

W-A-Y ACADEMY OF FLINT

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	$ 457,527	$ -	$ 301,438	$ (156,089)
Instruction - Added Needs	100,899	-	66,476	(34,423)
Supporting Services				
Pupil Support	172,105	-	-	(172,105)
Instructional Staff	63,616	-	41,913	(21,703)
General Administration	145,779	-	-	(145,779)
School Administration	41,295	-	27,207	(14,088)
Business Services	70,738	-	-	(70,738)
Operations and Maintenance	207,230	-	-	(207,230)
Central Services	122,100	-	-	(122,100)
Support Services - Other	360	-	-	(360)
Community Services	3,861	-	-	(3,861)
Total Governmental Activities	1,385,510	-	437,034	(948,476)
General Revenues				
State Aid - Formula Grants				1,018,167
Other Revenue				12,184
Total General Revenues				1,030,351
Change in Net Position				81,875
Net Position (Deficit) - July 1, 2025				(43,502)
Net Position (Deficit) - June 30, 2026				$ 38,373

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

W-A-Y ACADEMY OF FLINT

Governmental Funds
Balance Sheet
June 30, 2026

	General Fund
ASSETS	
Cash and Cash Equivalents (Note 3)	$ 29,126
Accounts Receivable	252
Due From Other Governmental Units (Note 4)	298,956
Prepaid Expense	6,321
Total Assets	$ 334,655
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	$ 231,018
Accrual Payroll	65,264
Total Liabilities	296,282
Fund Balance	
Nonspendable	6,321
Unassigned	32,052
Total Fund Balance	38,373
Total Liabilities and Fund Balance	$ 334,655

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

W-A-Y ACADEMY OF FLINT

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

	Amount
Fund Balance - Total Governmental Funds	$ 38,373
Net Position - Governmental Activities	$ 38,373

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

W-A-Y ACADEMY OF FLINT

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

	General Fund
REVENUE	
Federal Sources	$ 213,696
State Sources	1,243,481
Local Sources	12,184
Total Revenue	1,469,361
EXPENDITURES	
Basic Instruction	457,527
Instruction - Added Needs	100,899
Supporting Services:	
Pupil Support Services	172,105
Instructional Staff Services	63,616
General Administration Services	145,779
School Administration Services	41,295
Business Services	70,738
Operations and Maintenance	207,230
Central Services	122,100
Other Support Services	360
Community Services	3,861
Total Expenditures	1,385,510
Net Change in Fund Balance	83,851
Fund Balance (Deficit) - July 1, 2025	(45,478)
Fund Balance (Deficit) - June 30, 2026	$ 38,373

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

W-A-Y ACADEMY OF FLINT

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

	Amount
Net Change in Fund Balance (Deficit) -Total Governmental Funds	$ 83,851
Amounts reported for governmental activities in the Statement of Activities are different because:	
Unavailable revenue recognized in the current year in the governmental funds that was recognized in prior year in the government-wide financial statements.	(1,976)
Change in Net Position of Governmental Activities	$ 81,875

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of W-A-Y Academy of Flint (the Academy), conform to generally accepted accounting principles as applicable to schools. The following is a summary of the significant policies:

Reporting Entity

W-A-Y Academy of Flint was organized in 2013 for the purpose of providing personalized learning experience for all students and serves grades 7-12 on a campus. The Academy is a tuition free public school academy serving students and their families through a blended learning model.

The Academy receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities. However, the Academy is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Trustees has decision-making authority, the authority to determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The Academy entered into a contract with the Lake Superior State University (LSSU) to Charter a Public School Academy. The Academy's current contract with LSSU goes through June 30, 2028. The LSSU 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 LSSU and the Academy, the Academy pays the LSSU 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 LSSU was approximately $37,000.

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 academy-wide 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 of 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.

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.

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, and only, 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.

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.

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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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.

Inventories – Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. The Academy had no inventory at June 30, 2026.

Capital Assets – Capital assets 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 $5,000 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 had no capital assets as of June 30, 2026.

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 period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy had 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 no unearned revenue.

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for its office suite and classroom. The lease is a short-term lease and accordingly is not recorded on the statement of net position under GASB 87. The Academy had no SBITAs at June 30, 2026.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Leases and Subscription Based IT Arrangements (SBITA) (Continued)

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

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

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

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

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

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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Balance (Continued)

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 (deficit) is the remaining net position that does not meet the definition of invested in capital assets 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.

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

Expenses exceeded the budget line items for certain categories, as shown below. In total, general fund expenditures were $55,198 below the final budget.

	Final Budget	Actual	Over Final Budget
Expenditures			
Instructional Staff Services	$ 47,510	$ 63,616	$ 16,106
Business Services	69,912	70,738	826

Fund Balance

At June 30, 2026 the Academy had a fund balance of $38,372. Although the Academy no longer has a fund deficit, the fund balance is only 2.8% of annual expenditures, less than the 5% threshold the Michigan Department of Education uses as an early warning indicator.

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 one bank for the deposit of its funds.

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 $29,126 and did not exceed the federally insured limit of $250,000 per depositor as of June 30, 2026.

3) DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits (Continued)

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 $224,596 from the State of Michigan and $74,360 from Federal grants.

5) MANAGEMENT COMPANY AGREEMENT

The Academy has entered into a contract with WAY Widening Advancement for Youth (WAY) effective July 1, 2013 and renewed through June 30, 2028. Under the direction of the Academy's Board, WAY Widening Advancement for Youth shall be responsible for all of the management, operation, administration, and education at the Academy, by providing certain services directly to the Academy, subcontracting for certain services, and overseeing other contractors. The management contract may be terminated under various circumstances as defined in the management agreement. The management contract provides that the Academy shall pay WAY Widening Advancement for Youth an annual fee of 10% of the State school aid the Academy receives from the State of Michigan.

Compensation for the year ended June 30, 2026 was $99,679. At June 30, 2026, the Academy owed the management company $200,924 for various expenses paid on the Academy's behalf over the years.

6) OPERATING LEASES

The Academy leases its office suite and classroom, located in Flint, MI. The lease was entered into on August 10, 2018 and expired on June 30, 2023 and renewed to June 30, 2024. It was then renewed on a month to month basis through June, 2025. In July, 2025 the lease was extended 1 year through June 2026 and then subsequently for another 6 months until December 30, 2026, with a monthly payment of $10,948 The lease is cancelable in the event of the charter contract between the Academy and Lake Superior State University (LSSU), being terminated. If such event was to occur, Academy may terminate the Lease, without cost or penalty, in the event that the Academy is required to close an Academy site covered by the Lease (i) pursuant to a notice issued by the Michigan Department of Education under Section 507 of the Code, MCL 380.507; or (ii) pursuant to a reconstitution by the Authorizer pursuant to Section 507 of the Code, MCL 380.507 and the Charter.

7) 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.

8) RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy purchases commercial insurance coverage to cover potential claims, and management believes this coverage is sufficient to protect the Academy from any significant adverse financial impact.

9) 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.

9) IMPLEMENTATION OF NEW ACCOUNTING STANDARD (Continued)

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.

10) SUBSEQUENT EVENTS

The Academy has evaluated all subsequent events through October 29, 2026, the date the financial statements were available to be issued. No subsequent events were noted that would require reporting or disclosure in the financial statements.

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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
W-A-Y Academy of Flint
Flint, 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 W-A-Y Academy of Flint (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 29, 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 statement, 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plante & Moran, PLLC

Detroit, Michigan
October 29, 2026

REQUIRED SUPPLEMENTARY INFORMATION

W-A-Y ACADEMY OF FLINT

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2026

	Original Budget	Final Budget	Over (Under) Original Budget	Actual	Over (Under) Final Budget
Revenue					
State Sources	$ 1,176,631	$ 1,243,273	$ 66,642	$ 1,243,481	$ 208
Federal Sources	237,645	245,686	8,041	213,696	(31,990)
Local Sources	4,030	5,410	1,380	12,184	6,774
Other Transactions	6,790	5,700	(1,090)	-	(5,700)
Total Revenue	1,425,096	1,500,069	74,973	1,469,361	(30,708)
Expenditures					
Instructional Services					
Basic Programs	442,015	491,445	49,430	457,527	(33,918)
Added Needs	131,042	113,186	(17,856)	100,899	(12,287)
Supporting Services:					
Pupil Support Services	151,821	182,464	30,643	172,105	(10,359)
Instructional Staff Services	45,831	47,510	1,679	63,616	16,106
General Administration Services	155,055	153,517	(1,538)	145,779	(7,738)
School Administration Services	67,475	45,053	(22,422)	41,295	(3,758)
Business Services	75,635	69,912	(5,723)	70,738	826
Operation and Maintenance	199,099	209,376	10,277	207,230	(2,146)
Central Services	88,545	122,683	34,138	122,100	(583)
Other Support Service	360	360	-	360	-
Community Services	7,083	5,202	(1,881)	3,861	(1,341)
Total Expenditure	1,363,961	1,440,708	76,747	1,385,510	(55,198)
Net Change in Fund Balances	$ 61,135	$ 59,361	$ (1,774)	83,851	$ 24,490
Fund Balance - July 1, 2025				(45,478)	
Fund Balance - June 30, 2026				$ 38,373	

BUDGETARY INFORMATION

The annual budget is 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 budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

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 final budget increased from the original budget to account for higher anticipated access fees based on the number of students served.
Added Needs	The final budget was reduced from the original budget because a part-time position included in the original budget was not filled, resulting in lower anticipated personnel costs.
Pupil Support	The increase in the amended Pupil Support expenditure budget was primarily attributable to the Academy's revised projections for pupil support services through the end of the fiscal year. The amended budget reflected anticipated increases in costs associated with providing student support services, including resources and services necessary to address students' academic, social, and other educational needs. These adjustments were made to better align the budget with projected year-end expenditures and the level of support services expected to be provided during the fiscal year.
School Administration Services	The decrease in school administration services expenditures was due to the realignment of the director's duties and the reclassification of the expenses to a different accounting code.
Central Services	The Central Services final budget was increased to include increased authorizer management fees, expenses related to the Employee Compensation Grant that was awarded in December, and also to include network infrastructure upgrades done throughout the year.

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

Revenue Function	Explanation
Federal Sources	Federal grants are budgeted at the full allocation amount regardless of the amount remaining at the time the budget is amended.