SER YouthBuild Learning Academy

Financial Statements

June 30, 2026



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THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
SER YouthBuild Learning Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of SER YouthBuild Learning Academy as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise SER YouthBuild Learning 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, the major fund of SER YouthBuild Learning 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 SER YouthBuild Learning Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SER YouthBuild Learning 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 SER YouthBuild Learning 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 SER YouthBuild Learning 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 on pages 4 and 23 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 September 25, 2026, on our consideration of SER YouthBuild Learning Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of SER YouthBuild Learning 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 SER YouthBuild Learning Academy's internal control over financial reporting and compliance.

The Clairmount Group, PLC

The Clairmount Group, PLC
Detroit, Michigan 48226
September 25, 2026

SER YouthBuild Learning Academy
Management's Discussion and Analysis
June 30, 2026

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

Using the Annual Report

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

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Academy-Wide Financial Statements - Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Reporting Information

Overview of the Financial Statements

Reporting the Academy as a Whole - Academy-Wide Financial Statements

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Academy's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position - as reported in the Statement of Activities - indicate whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy. The Statement of Net Position and the Statement of Activities report the governmental activities of the Academy, which encompass all of the Academy's services, including instruction, support services, and community services. Unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the Academy's Fund Financial Statements

The Academy's fund financial statements provide detailed information about the most significant funds - not the Academy as a whole. Some funds must be established by State law and bond covenants. However, the Academy establishes many other funds to help it control and manage money for particular purposes or to show that it meets legal responsibilities for using certain taxes, grants, and other money. The governmental funds of the Academy use the following accounting approach:

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

Financial Summary

The Academy as a Whole

Recall that the Statement of Net Position provides the perspective of the Academy as a whole. The table below provides a summary of the Academy's net position as of June 30, 2026:

Assets	**2026**	**2025**
Current and other assets	$ 812,806	$ 633,483
Capital assets, net	164,034	267,536
Total Assets	$ 976,840	$ 901,019
Liabilities		
Current liabilities	590,581	711,617
Long-term liabilities	73,783	-
Total Liabilities	664,364	711,617
Net Position		
Net investment in capital assets	21,288	9,720
Unrestricted	291,188	179,682
Total Net Position	312,476	189,402
Total Liabilities and Net Position	$ 976,840	$ 901,019

The above analysis focuses on the net position. The change in the net position of the Academy's governmental activities is discussed below. The Academy's net position was $312,476 on June 30, 2026. Capital assets, net of related debt totaling $21,288, compare the original cost, less depreciation of the Academy's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt obligation will be repaid from General Fund operations as the debt service comes due.

The $291,188 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the Academy as a whole are reported in the Statement of Activities, which shows the changes in net position for fiscal years ended June 30:

	2026	2025
Revenues		
Program Revenues:		
Operating grants and contributions	$ 559,059	$ 451,101
General Revenues:		
State foundation allowance	1,919,576	2,036,683
Total Revenues	2,478,635	2,487,784
Function/Program Expenses:		
Instruction services	708,067	693,139
Support services	1,321,916	1,344,997
Unallocated depreciation/amortization	313,278	277,090
Unallocated interest	12,300	19,068
Total Expenses	2,355,561	2,334,294
Change in Net Position	$ 123,074	$ 153,490

Detailed Analysis

As reported in the Statement of Activities, the cost of all of our governmental activities this year was $2,355,561. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions of $559,059. We paid for the remaining "public benefit" portion of our governmental activities with $1,919,576 in State foundation allowance.

As discussed above, the net cost shows each function financed by general revenues, principally unrestricted state aid. Since unrestricted State Aid constitutes the vast majority of district operating revenue sources, the Board of Directors and administration must annually evaluate the needs of the Academy and balance those needs with State-prescribed available unrestricted resources.

The Academy's Funds

The General Fund had revenues of $2,478,635 and total expenditures of $2,574,879, and other financing sources of $207,750, resulting in a $111,506 increase in fund balance. The fund balance was $291,188. As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes. Examining funds helps the reader consider whether the Academy is accountable for the resources taxpayers and others provide and may provide more insight into the Academy's overall financial health.

Significant Capital Assets and Long-Term Financing Activity

Capital Assets

As of June 30, 2026, the Academy had $164,034 invested in net capital and right to use assets, including furniture and right to use lease assets and subscription-based IT assets. This represents a net decrease, including additions, depreciation and amortization, of $103,502 from last year.

Lease

At June 30, 2026 the lease liability for the school facility was $142,746, of which $68,963 is due within one year.

Currently Known Facts, Decisions, or Conditions

Our officials and administration consider many factors when setting the Academy's 2027 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The State foundation allowance for the 2027 fiscal year is $10,300. The 2027 budget was adopted in June 2026, based on the estimated number of students that will be enrolled in September 2026. Approximately 94% of the total general fund revenue is from the foundation allowance. As a result, the Academy funding is primarily dependent on the state's ability to fund local school operations; thus, the Academy is focused on maintaining its historical levels of enrollment. The Academy is also looking to receive more grants and private revenues. This will allow the Academy to place more funds in the classroom and enhance its financial position

Since the Academy's revenue is heavily dependent on state funding and the health of the State's school aid fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to public school academies. The State periodically holds a revenue estimating conference to estimate revenues. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

Contacting the Academy's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

SER YouthBuild Learning Academy
Statement of Net Position- Governmental Activities
June 30, 2026

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 329,387
Deposits	18,965
Due from governmental units	431,944
Due from management company	28,760
Prepaid expenses	3,750
Total current assets	812,806
Noncurrent Assets	
Capital assets, net	23,432
Right to use asset, net	140,602
Total noncurrent assets	164,034
Total assets	$ 976,840
Liabilities and Net Position	
Current Liabilities	
Accounts payable	$ 10,575
Due to management company	291,762
Other accrued liabilities	165,996
Unearned revenue	53,285
Lease liability- current portion	68,963
Total current liabilities	590,581
Noncurrent Liabilities	
Lease liability- net of current portion	73,783
Total liabilities	664,364
Net Position	
Net investment in capital assets	21,288
Unrestricted	291,188
Total net position	312,476
Total liabilities and net position	$ 976,840

See accompanying notes to financial statements.

SER YouthBuild Learning Academy
Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities Net (Expense) Revenues and Changes in Net Position
Primary Government - Governmental Activities:				
Instruction services	$ 708,067	$ -	$ 553,559	$ (154,508)
Support services	1,321,916	-	5,500	(1,316,416)
Unallocated depreciation/amortization	313,278	-	-	(313,278)
Unallocated interest	12,300	-	-	(12,300)
Total governmental activities	$ 2,355,561	$ -	$ 559,059	$ (1,796,502)
General Revenues:				
State aid not restricted to specific purposes				1,919,576
Total general revenues				1,919,576
Change in net position				123,074
Net Position - Beginning of year				189,402
Net Position - End of year				$ 312,476

See accompanying notes to financial statements.

SER YouthBuild Learning Academy
Governmental Funds
Balance Sheet
June 30, 2026

		Total General Fund
Assets		
Cash and cash equivalents	$	329,387
Deposits		18,965
Due from other governmental units		431,944
Due from management company		28,760
Prepaid expenses		3,750
Total assets	$	812,806
Liabilities		
Accounts payable	$	10,575
Due to management company		291,762
Other accrued liabilities		165,996
Unearned revenue		53,285
Total liabilities		521,618
Fund Balance		
Nonspendable		3,750
Unassigned		287,438
Total fund balance		291,188
Total liabilities and fund balance	$	812,806

See accompanying notes to financial statements.

SER YouthBuild Learning Academy
Reconciliation of the Total Governmental
Fund Balance to Net Position of Governmental Activities
Year Ended June 30, 2026

Fund Balance - Total Governmental Funds		$ 291,188
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right to use assets used in governmental activities are not financial resources and are not reported in governmental funds:		
Cost of capital and right to use assets	1,047,925	
Accumulated depreciation and amortization	(883,891)	
		164,034
Lease obligations		(142,746)
Net Position - Governmental Activities		$ 312,476

See accompanying notes to financial statements.

SER YouthBuild Learning Academy
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2026

	General Fund
Revenues	
State sources	$ 2,288,711
Federal sources	189,924
Total revenues	2,478,635
Expenditures	
Current	
Instruction services	
Basic programs	437,101
Added needs	270,966
Total instruction services	708,067
Support services	
Pupil	212,973
Instructional	68,023
General administration	480,968
School administration	281,049
Business services	4,985
Operation and maintenance	172,482
Pupil transportation and services	3,230
Central services	98,206
Total support services	1,321,916
Capital outlay	209,776
Debt principal	322,820
Debt interest	12,300
Total expenditures	2,574,879
Other financing sources (uses)	
Proceeds from lease obligation	207,750
Total other financing sources (uses)	207,750
Net change in fund balance	111,506
Fund Balance - Beginning of year	179,682
Fund Balance - End of year	$ 291,188

See accompanying notes to financial statements.

SER YouthBuild Learning Academy
Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2026

Net Change in Fund Balance - Total Governmental Funds	$ 111,506
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation or amortization:	
Capital outlay	209,776
Depreciation and amortization expense	(313,278)
Payments on contractual obligations are an expenditure in the governmental funds, but not in the Statement of Activities (where they reduce long-term liabilities)	
Lease liability	322,820
Other financing sources - proceeds from lease obligations	(207,750)
Change in Net Position of Governmental Activities	$ 123,074

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

Reporting Entity

The 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 Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, in March 2022, and began operation in July 2022.

In July 2025, the Academy reauthorized a contract with Detroit Public Schools Community District to charter a public-school academy through 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 Detroit Public Schools Community District 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 the Detroit Public Schools Community District 3.0 percent of state aid as administrative fees. The total administrative fees for the year ended June 30, 2026, paid to the Detroit Public Schools Community District were approximately $59,511.

Administrative Services

On June 9, 2025, the Academy entered into a management agreement with SER-Metro Detroit Jobs for Progress, Inc. (SER Metro), a Michigan nonprofit organization, which expires June 30, 2028. Under the terms of the agreement, SER Metro is responsible for the complete management, operations, administration, and educational program of the Academy. The Academy pays a maximum management fee of 15.0 percent of the revenues the Academy receives with current year's charges being 12.0 percent. The total amount incurred for these services amounted to approximately $302,380 for the year ended June 30, 2026. As of June 30, 2026, $291,762 was due to SER Metro, from the Academy for management fees, payroll and other costs incurred. As of June 30, 2026, $28,760 was due from SER Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of SER YouthBuild Learning 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 used by the Academy:

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Academy-Wide 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 non-fiduciary activities of the primary government. The Academy-Wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the Academy-Wide statements and the statements for governmental funds.

The Academy-Wide Statement of Activities presents a comparison between expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the Academy-Wide financial statements the Academy has eliminated inter-fund transactions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Academy-Wide Financial Statements (continued) Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

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. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

General Fund - The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Cash and Cash Equivalents – The Academy's cash and cash equivalents are considered to be cash on hand and demand deposits with original maturities of three months or less from the date of acquisition.

Due from other Governmental Units – Receivables on June 30, 2026, primarily consist of state school aid and grant revenue due from the State of Michigan and the Federal Government, respectively.

Due to/from Management Company – The amount due from the management company represents amounts paid by the Academy in excess of amounts billed by the management company for payroll and other operating costs. The amount due to the management company represents amounts billed by the management company that have not yet been paid by the Academy. These balances are generally settled through subsequent billings and reimbursements between the Academy and the management company.

Prepaid Expenses – Certain vendor payments reflect costs applicable to future fiscal years and are recorded as prepaid costs in both Academy-Wide and fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accounts Payable and Accrued Liabilities – All payables and accrued liabilities are reported in the Academy-Wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources.

Unearned Revenue – Unearned revenue is reported in connection with funds received for services that have not yet been performed and are, therefore, not yet earned.

Capital Assets – Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than $750 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated at 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 infrastructure-type assets. Furniture is depreciated using the straight-line method over a useful life of 5 to 15 years.

Leases – 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 leased asset is amortized on a straight-line basis over the lease term or the useful life of the underlying asset, unless ownership of the underlying asset transfers to the Academy or the Academy is reasonably certain to exercise a purchase option.

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

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

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

Lease assets are reported with other capital and right to use assets, and lease liabilities are reported with lease obligations on the Statement of Net Position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position – Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position consists of the following:

Net investment in capital assets – Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – Consists of restricted assets less any accrued interest.

Unrestricted net position – Consists of all other assets that do not meet the definition of "restricted" or "Net investment in capital assets".

Fund Balance – The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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 provisions, or enabling legislation for use for a specific purpose.

Unassigned – The residual classification of the General Fund includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Use of Estimates – The preparation of general purpose 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements – For the year ended June 30, 2026, the Academy adopted Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. Statement No. 103 establishes requirements for the content of management's discussion and analysis (MD&A), which is now organized into five sections: an overview of the financial statements; a financial summary; detailed analyses; significant capital asset and long-term financing activity; and currently known facts, decisions, or conditions. The Statement also requires that budgetary comparison information be presented as required supplementary information, showing variances between the original and final budgets and between the final budget and actual amounts, with explanations of significant variances presented in the notes to the required supplementary information. The provisions of Statement No. 103 relating to unusual or infrequent items, proprietary fund statements, and major component units do not apply to the Academy. The adoption of Statement No. 103 affected only the presentation of the MD&A and the budgetary comparison information and had no effect on the Academy's net position or fund balance as of July 1, 2025.

The Academy also adopted GASB Statement No. 104, Disclosure of Certain Capital Assets, which requires that lease assets, subscription assets, public-private partnership assets, and other intangible assets be disclosed separately by major class, and establishes disclosures for capital assets held for sale. As a result of the adoption of Statement No. 104, the Academy has presented the required disclosures for its capital assets and lease assets in the accompanying financial statements. The adoption of Statement No. 104 did not result in any changes to the measurement or recognition of the Academy's capital assets or lease assets.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of the amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner; the Academy amended the budget to reflect changes in funding from federal and state sources.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

During the year, the Academy incurred actual General Fund expenditures in excess of amounts budgeted by $21,375. The Academy's legally adopted budget does not include capital outlay expenditures related to the acquisition of right to use lease assets, nor does it include the related proceeds from lease obligations reported as other financing sources. Accordingly, the $207,750 of capital outlay related to lease additions and the corresponding $207,750 of proceeds from lease obligations are excluded from the budget-to-actual comparison. Other expenditure variances accounted for the remaining difference between budgeted and actual expenditures.

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NOTE 4 – DEPOSITS

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government's 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 has designated one bank for the deposit of its funds.

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's investment policy does not have a deposit policy for custodial credit risk. At year end, the Academy had a balance of $79,387 that was not fully insured by the FDIC. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it will not always be practical to insure all deposits. The Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 5 – DUE FROM GOVERNMENTAL UNITS

Due from governmental units as of year-end were as follows:

State of Michigan	$ 422,883
Federal	9,061
	$ 431,944

The Academy's management evaluates its receivables for collectability annually. As of June 30, 2026, management believes all receivables were collectible, and no allowance was necessary.

NOTE 6 – CAPITAL ASSETS

Capital assets for the Academy's governmental activities were as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Capital assets being depreciated:				
Furniture	68,732	2,026	-	70,758
Accumulated depreciation:				
Furniture	33,343	13,983	-	47,326
Net capital assets being depreciated	$ 35,389	$ (11,957)	$ -	$ 23,432

Depreciation expense for the fiscal year ended June 30, 2026, was $13,983. Depreciation expense was not charged to activities as the Academy considers its assets to impact multiple activities, and allocation is not practical.

NOTE 7 – LEASES

The Academy entered into two lease agreements for properties used in its operations. The first lease has a term of three years and is with a related party, the Academy's management company, SER Metro, and expired June 30, 2026. The second lease has a term of three years and is with an unrelated third party. The lease liabilities represent the present value of the lease payments over the respective lease terms, discounted at rates of 4.17% and 3.72%, respectively. We have elected the option to use the incremental borrowing determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. We have applied the incremental borrowing rate option to the building and equipment class of assets.

The Academy recognizes a lease liability and an intangible right-to-use lease asset in the academy-wide financial statements for leases with a maximum possible term greater than 12 months and an initial lease asset value of $5,000 or more. The lease asset is amortized on a straight-line basis over the lease term. In the governmental funds, the initial lease liability is reported as a capital outlay expenditure and an other financing source, and lease payments are reported as debt service expenditures.

NOTE 7 – LEASES (CONTINUED)

The following is a summary of lease obligations for the Academy during the year ended June 30, 2026:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Lease obligations - buildings - related party	$ 257,816	$ -	$ (257,816)	$ -	$ -
Lease obligations - buildings	-	207,750	(65,004)	142,746	68,963
	$ 257,816	$ 207,750	$ (322,820)	$ 142,746	$ 68,963

The following is a schedule of future principal and interest payments for the Academy's lease liabilities as of June 30, 2026:

	Principal	Interest	Total
2027	$ 68,963	$ 4,142	$ 73,105
2028	73,783	1,495	75,278
	$ 142,746	$ 5,637	$ 148,383

Right to use assets (reported separately from other capital assets in Note 6) for the Academy's governmental activities were as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Right to use assets being amortized:				
Right to use asset - buildings	$ 689,810	$ 207,750	$ -	$ 897,560
Right to use - subscription-based IT	79,607	-	-	79,607
Subtotal	769,417	207,750	-	977,167
Accumulated amortization:				
Right to use asset - buildings	459,874	297,084	-	756,958
Right to use - subscription-based IT	77,396	2,211	-	79,607
Subtotal	537,270	299,295	-	836,565
Net right to use assets being amortized	$ 232,147	$ (91,545)	$ -	$ 140,602

Amortization expense for the fiscal year ended June 30, 2026, was $299,295. Amortization expense was not charged to activities as the Academy considers its assets to impact multiple activities, and allocation is not practical.

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The risk of employee injuries and medical benefits for employees of the management company is covered by insurance held by the employee leasing company. The Academy has purchased commercial insurance for all other claims.

NOTE 9 – CONTINGENCIES

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

NOTE 10 – ECONOMIC DEPENDENCE AND CONCENTRATIONS

State Funding – The Academy's operations are funded primarily by the State of Michigan. For the year ended June 30, 2026, state sources, consisting of the per-pupil foundation allowance and state categorical funding, totaled $2,288,711, or approximately 92% of total General Fund revenues. State aid is based on the Academy's blended pupil membership count and the per-pupil foundation allowance set each year in the State School Aid Act, and it is subject to annual appropriation by the Michigan Legislature. As a public school academy, the Academy does not have authority to levy property taxes and therefore has limited ability to replace a reduction in state funding with other revenue. The State School Aid Act for the fiscal year ending June 30, 2027 was enacted in July 2026 and sets the foundation allowance at $10,300 per pupil.

Services Agreement with SER-Metro Detroit Jobs for Progress, Inc. – As described in Note 1, the Academy relies on SER Metro for all personnel, administrative services, and a facility in which it operates. Contracted service fees to SER Metro were $302,380, or approximately 13% of total expenditures, for the year ended June 30, 2026. Either party may terminate or renegotiate the agreement with 90 days' written notice, and the agreement expires on June 30, 2028.

Charter Contract – The Academy operates under a charter contract with Detroit Public Schools Community District that expires June 30, 2028 and is subject to renewal and to the oversight described in Note 1.

As of September 25, 2026, the date the financial statements were available to be issued, no events associated with these concentrations had occurred or begun to occur, and management does not believe such events are more likely than not to begin within 12 months of that date.

NOTE 11 – SUBSEQUENT EVENTS

As of July 1, 2026, the Academy amended its existing related party lease agreement for its school facility. The amendment extends the lease term through June 30, 2028. The amended lease provides for monthly base payments of $22,672 for the period July 1, 2026 through June 30, 2027, and $23,353 for the period July 1, 2027 through June 30, 2028. All other terms and conditions of the lease remain unchanged.

Subsequent events have been evaluated through September 25, 2026, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated.

Required Supplementary Information

SER YouthBuild Learning Academy
Required Supplemental Information
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Over (Under)		Over (Under)
	Original	Final	Original Budget	Actual Amounts	Final Budget
Revenues					
Local sources	$ -	$ 10,000	$ 10,000	$ -	$ (10,000)
State sources	2,567,017	2,214,056	(352,961)	2,288,711	74,655
Federal sources	104,594	182,341	77,747	189,924	7,583
Total revenues	2,671,611	2,406,397	(265,214)	2,478,635	72,238
Expenditures					
Current					
Instruction:					
Basic programs	615,881	435,599	(180,282)	437,101	1,502
Added needs	265,231	271,209	5,978	270,966	(243)
Total instruction	881,112	706,808	(174,304)	708,067	1,259
Support services:					
Pupil services	242,707	213,075	(29,632)	212,973	(102)
Instructional services	88,749	66,163	(22,586)	68,023	1,860
General administration	521,024	467,251	(53,773)	480,968	13,717
School administration	312,386	281,171	(31,215)	281,049	(122)
Business support services	6,500	4,987	(1,513)	4,985	(2)
Operation and maintenance	133,100	173,763	40,663	172,482	(1,281)
Pupil transportation and services	4,500	4,000	(500)	3,230	(770)
Central services	107,980	93,416	(14,564)	98,206	4,790
Total support services	1,416,946	1,303,826	(113,120)	1,321,916	18,090
Capital outlay	-	-	-	209,776	209,776
Debt principal and interest	331,527	335,120	3,593	335,120	-
Total expenditures	2,629,585	2,345,754	(283,831)	2,574,879	229,125
Other financing sources (uses)					
Proceeds from lease obligation	-	-	-	207,750	(207,750)
Net change in fund balances	42,026	60,643	18,617	111,506	50,863
Fund balance - beginning of year	159,201	179,682	20,481	179,682	-
Fund balance - end of year	$ 201,227	$ 240,325	$ 39,098	$ 291,188	$ 50,863

Reconciliation to GAAP Basis

Capital and right to use assets used in governmental activities are not financial resources and are not reported in governmental funds:	
Cost of capital and right to use assets	1,047,925
Accumulated depreciation and amortization	(883,891)
Lease obligations	(142,746)
Total net position GAAP basis	$ 312,476

Notes to Required Supplementary Information

SER YouthBuild Learning Academy
Notes to Required Supplementary Information
Year Ended June 30, 2026

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

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

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments).

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

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

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

NOTE 2 – BUDGETARY HIGHLIGHTS

Budgeted revenues for the General Fund were decreased by $265,214 from the original budget. Budgeted expenditures for the General Fund were decreased by $283,831. This change was to reflect the change in anticipated funding. Significant variances between the final budget and actual amounts are disclosed in the notes to the required supplementary information (refer to Note 3).

NOTE 3 – BUDGETARY COMPARISON

Significant Variances between final and original budget:

	Variance	Explanation
Revenues		
State sources	$ (352,961)	The initial budget was based on an estimated enrollment of 225 students. The final budget was based on an adjusted enrollment of 183.69 students.
Federal sources	77,747	The initial budget was based on the prior-year actual amount, while the final budget was based on the actual amount received during the current year.
Expenses		
Basic programs	(180,282)	The initial budget was prepared based on the assumption that the Academy would hire three new teachers during the year. However, the planned hires did not occur, resulting in actual staffing levels being lower than anticipated in the initial budget.
General administration	(53,773)	Due to the decrease in student enrollment, management fees and authorizer fees were lower than anticipated in the initial budget.
Operation and maintenance	40,663	Insurance expenses and security expenses were higher than anticipated in the initial budget.

Significant Variances between final budget and actual amounts:

	Variance	Explanation
Revenues		
State sources	$ 74,655	The variance is primarily attributable to unearned revenue related to 31a funds that had not yet met the applicable revenue recognition requirements.
Expenditures		
Capital outlay	209,776	The variance is attributable to the recognition of right to use assets in accordance with applicable lease accounting requirements. These amounts were not included in the legally adopted budget.
Other financing sources		
Proceeds from lease obligation	(207,750)	The variance is attributable to the recognition of a lease liability in accordance with applicable lease accounting requirements. These amounts were not included in the legally adopted budget.

Other Reporting Information

THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

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
SER YouthBuild Learning Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of SER YouthBuild Learning Academy (the "Academy"), 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 September 25, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Clairmount Group, PLC

The Clairmount Group, PLC
Detroit, Michigan
September 25, 2026