



WAKE PREPARATORY

ACADEMY

December 5, 2025

Department of Public Instruction
Office of Charter Schools

This letter serves as our formal response to the notification received regarding the Cautionary Noncompliance status assigned to Wake Preparatory Academy. We acknowledge that this status was triggered by the negative unassigned fund balance of (\$9,111) reported in our Fiscal Year 2024 audited financial statements.

The negative balance reported in FY24 was a direct result of initial start-up costs incurred during the School's inaugural year of operation (FY23). It is important to note that even in FY24, the unassigned fund balance demonstrated a significant recovery of \$52,061 from the prior fiscal year, indicating that the initial financial stress was being successfully managed.

We wish to clearly demonstrate that the financial condition that led to the noncompliance status has been fully remediated and substantially improved.

For the most recent audit, Fiscal Year 2025, the School's unassigned fund balance has successfully transitioned from the previous negative position to a strong positive balance of \$475,539. This represents a dramatic year-over-year increase of \$484,650 from the audited FY24 balance, which clearly indicates financial stability and operational success in our third year.

This substantial positive shift demonstrates that the negative balance was a temporary issue related to the initial establishment of the School and no longer reflects our current, sound financial health.

To ensure continued compliance and prevent future recurrence, we have permanently integrated strict compliance requirements into our financial management framework. Compliance requirements are now a foundational component of our annual budgeting and strategic planning cycles. Fund balance goals and necessary reserve targets are established before the fiscal year begins and are treated as non-negotiable budget line items throughout the planning and execution phases.



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This proactive approach ensures that adequate reserves and a robust fund balance are prioritized from the outset, embedding compliance directly into our operational procedures.

In light of the demonstrated and substantial positive change in our unassigned fund balance and the implementation of strong, preventative financial controls, we respectfully request that the Department review our status. We are confident that our current financial position and new compliance procedures warrant the removal of the Cautionary Noncompliance status.

We appreciate your review of this information and welcome the opportunity to provide any further documentation or clarification needed.

Sincerely,



Dec 5, 2025

Wake Preparatory Board