# EXALT ACADEMY OF SOUTHWEST LITTLE ROCK

# REGULATORY BASIS FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

**YEAR ENDED JUNE 30, 2025**

**with**

**INDEPENDENT AUDITORS' REPORT**

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**PULASKI COUNTY, ARKANSAS**
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**JUNE 30, 2025**

JACOBS & COMPANY
CPAs & Advisors PLLC
1 Crestview Plaza
Jacksonville, AR 72076
JDJ

1 Crestview Plaza, Jacksonville, Arkansas 72076
T: 501-286-6003 F: 901.425.9009

# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Exalt Academy of Southwest Little Rock

## Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of Exalt Academy of Southwest Little Rock (the "Charter School"), as of June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's regulatory basis financial statements as listed in the table of contents.

## Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Charter School, as of June 30, 2025, and the respective regulatory basis changes in financial position and the respective regulatory budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Arkansas Code Ann. § 10-4-413 (c) as provided in Act 2201 of 2005 described in Note 1.

## Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Exalt Academy of Southwest Little Rock as of June 30, 2025, or the changes in financial position for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibility under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Exalt Academy of Southwest Little Rock 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 opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described more fully in Note 1, to meet the financial reporting requirements of the State of Arkansas, the Charter School has prepared the financial statements using financial reporting practices prescribed or permitted by Arkansas Code Ann. § 10-4-413 (c) as provided in Act 2201 of 2005, which is a basis other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material and pervasive.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting practices prescribed or permitted by the Arkansas Code Ann. § 10-4-413 (c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objective is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Charter'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 Charter'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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the report. The other information comprises of the Schedule of Capital Assets but does not include the regulatory basis financial statements, supplementary information, and our other auditors' report thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis financial statements, or the other information otherwise appears to be material misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2026, on our consideration of the Charter School's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Charter School's internal control over financial reporting and compliance.

*Jacobs & Company CPA's, PLLC*

Jacksonville, Arkansas
March 23, 2026

# EXALT ACADEMY OF SOUTHWEST LITTLE ROCK
# PULASKI COUNTY, ARKANSAS
# BALANCE SHEET - REGULATORY BASIS
# JUNE 30, 2025

| | Governmental Funds | | | |
|---|---|---|---|---|
| | Major | | | |
| | General Revenue | Special Revenue | Other Aggregate | Fiduciary |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,049,292 | $ 152,628 | $ 96,133 | $ 5,542 |
| Accounts receivable | 413,529 | 252,733 | 36,101 | - |
| **Total Assets** | $ 2,462,821 | $ 405,361 | $ 132,234 | $ 5,542 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ 3,386 | $ - | $ - | $ - |
| Due to student groups | - | - | - | 5,542 |
| Total Liabilities | 3,386 | - | - | 5,542 |
| **Fund Balances** | | | | |
| Restricted | 480,784 | 405,361 | 132,234 | - |
| Unassigned | 1,978,651 | - | - | - |
| Total Fund Balances | 2,459,435 | 405,361 | 132,234 | - |
| **Total Liabilities and Fund Balances** | $ 2,462,821 | $ 405,361 | $ 132,234 | $ 5,542 |

# EXALT ACADEMY OF SOUTHWEST LITTLE ROCK
# PULASKI COUNTY, ARKANSAS
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
# YEAR ENDED JUNE 30, 2025

| | Major | | |
|---|---|---|---|
| | General Revenue | Special Revenue | Other Aggregate |
| **REVENUES** | | | |
| State assistance | $ 7,831,122 | $ 9,841 | $ 361,490 |
| Federal assistance | - | 2,103,247 | - |
| Meal sales | - | 2,305 | - |
| Other revenues | 2,592,037 | - | - |
| **Total Revenues** | 10,423,159 | 2,115,393 | 361,490 |
| **EXPENDITURES** | | | |
| **Current:** | | | |
| Regular programs | 3,699,940 | 70,841 | - |
| Special education | 293,603 | - | - |
| Career education | 71,817 | - | |
| Compensatory education | 196,982 | 847,775 | - |
| Other instructional programs | 626,921 | 45,315 | - |
| Support services - students | 409,022 | 178,412 | - |
| Support services - instructional staff | 501,373 | 82,957 | - |
| Support services - general administration | 1,209,601 | - | - |
| Support services - school administration | 360,157 | - | - |
| Support services - business services | 98,296 | 21,649 | - |
| Support services - M & O | 1,056,350 | 22,159 | 106,480 |
| Support services - transportation | 26,265 | - | - |
| Support services - other | 75,163 | - | |
| Food services operations | - | 739,285 | - |
| Community service operations | - | 318 | - |
| Facilities acquisition and construction services | 262,455 | - | 240,295 |
| **Total Expenditures** | 8,887,945 | 2,008,711 | 346,775 |
| **Excess of revenue over expenditures** | 1,535,214 | 106,682 | 14,715 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In (Out) | (50,826) | 50,826 | - |
| Excess of revenues and other sources over (under) expenditures and other uses | 1,484,388 | 157,508 | 14,715 |
| **FUND BALANCE - BEGINNING OF YEAR** | 975,047 | 247,853 | 117,519 |
| **FUND BALANCE - END OF YEAR** | $ 2,459,435 | $ 405,361 | $ 132,234 |

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**PULASKI COUNTY, ARKANSAS**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**
**BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS**
**YEAR ENDED JUNE 30, 2025**

| | General | | | Special Revenue | | |
|---|---|---|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| **REVENUES** | | | | | | |
| State assistance | $ 7,696,661 | $ 7,831,122 | $ 134,461 | $ 8 | $ 9,841 | $ 9,833 |
| Federal assistance | - | - | - | 2,010,443 | 2,103,247 | 92,804 |
| Meal sales | - | - | - | - | 2,305 | 2,305 |
| Other revenues | 751,367 | 2,592,037 | 1,840,670 | - | - | - |
| **Total Revenues** | 8,448,028 | 10,423,159 | 1,975,131 | 2,010,451 | 2,115,393 | 104,942 |
| **EXPENDITURES** | | | | | | |
| **Current:** | | | | | | |
| Regular programs | 3,570,252 | 3,699,940 | (129,688) | 72,364 | 70,841 | 1,523 |
| Special education | 205,781 | 293,603 | (87,822) | - | - | - |
| Career education | - | 71,817 | (71,817) | - | - | |
| Compensatory education | 237,985 | 196,982 | 41,003 | 864,158 | 847,775 | 16,383 |
| Other instructional programs | 490,297 | 626,921 | (136,624) | 65,971 | 45,315 | 20,656 |
| Support services - students | 549,705 | 409,022 | 140,683 | 223,300 | 178,412 | 44,888 |
| Support services - instructional staff | 493,754 | 501,373 | (7,619) | 25,430 | 82,957 | (57,527) |
| Support services - general administration | 1,349,706 | 1,209,601 | 140,105 | - | - | - |
| Support services - school administration | 425,170 | 360,157 | 65,013 | - | - | - |
| Support services - central services | 76,621 | 98,296 | (21,675) | 1,500 | 21,649 | (20,149) |
| Support services - M & O | 1,057,664 | 1,056,350 | 1,314 | 36,270 | 22,159 | 14,111 |
| Support services - transportation | 2,000 | 26,265 | (24,265) | | - | |
| Support services - Other | 45,000 | 75,163 | (30,163) | - | | - |
| Food services operations | - | - | - | 702,098 | 739,285 | (37,187) |
| Community service operations | - | - | - | 1,500 | 318 | 1,182 |
| Facilities acquisition and construction services | - | 262,455 | (262,455) | - | - | - |
| **Total Expenditures** | 8,503,935 | 8,887,945 | (384,010) | 1,992,591 | 2,008,711 | (16,120) |
| **Excess (deficiency) of revenue over expenditures** | (55,907) | 1,535,214 | 1,591,121 | 17,860 | 106,682 | 88,822 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers In (Out) | (50,826) | (50,826) | - | 50,826 | 50,826 | - |
| Excess of revenues and other sources over (under) expenditures and other uses | (106,733) | 1,484,388 | 1,591,121 | 68,686 | 157,508 | 88,822 |
| **FUND BALANCE - BEGINNING OF YEAR** | 975,047 | 975,047 | - | 247,853 | 247,853 | - |
| **FUND BALANCE - END OF YEAR** | $ 868,314 | $ 2,459,435 | $ 1,591,121 | $ 316,539 | $ 405,361 | $ 88,822 |

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Trustees, an eight (8) member group, is the level of government which has responsibilities over all activities of Exalt Academy of Southwest Little Rock ("the Charter School"). The Charter School's financial statements reflect all funds and accounts directly under the control of the Charter School. There are no component units.

Description of Funds

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

Major individual governmental funds are reported as separate columns in the fund financial statements:

> *General Fund* – is the Charter School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.
>
> *Special Revenue Fund* – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and the related expenditures, restricted for specific educational programs or projects, including the Charter School's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

> *Capital Projects Fund* – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows, financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Fiduciary Fund types include the following:

> *Custodial Funds* - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Arkansas Code Annotated § 10-4-413 (c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources.

Revenue Recognition

Revenues are recognized when they become susceptible to accrual in accordance with the RBA.

Capital Assets

Information on capital assets and related depreciation is reported on the Schedule of Capital Assets. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at fair value when received. The Charter School maintains a threshold level of $1,000 for capitalizing equipment. Library holdings are not capitalized.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)
No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| Asset Class | Estimated Useful Life in Years |
|---|---|
| Furniture and equipment | 5-20 |

Income Taxes
The Charter School is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and comparable provisions of state income tax laws.

Fund Balance Classifications
GASB Codification Section 1800.142, Fund Balance Reporting and Governmental Fund Type Definitions, defines different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

*Nonspendable Fund Balance* - includes amounts that are not in a spendable form or are required to be maintained intact. The Charter School does not have any nonspendable fund balances at year end.

*Restricted Fund Balance* – includes amounts that can only be spent for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* – includes amounts that can only be used for specific purposes determined by a formal action of the School's Board of Governance.

*Assigned Fund Balance* – includes amounts intended to be used by the Charter School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.

*Unassigned Fund Balance* – includes the residual amount for the Charter School's general fund and includes all spendable amounts not contained in the other classifications.

For the purposes of fund balance classification, the Charter School's policy is to have expenditures spent from restricted fund balance first, followed in order by committed fund balance (if any), assigned fund balance and lastly unassigned fund balance.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting

As required by State statutes, the Charter School prepares an annual budget that is filed with the Arkansas Department of Education (ADE). The budget is required to be approved by the Charter School's Board and submitted to the ADE no later than September 30 of each year. Budget amendments, if any, are not required to be submitted for approval to the ADE. The Charter School's budget is prepared utilizing the same basis of accounting described in Note 1.

Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities and various disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

## NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

| | Carrying Amount | Bank Balance |
|---|---|---|
| Insured (FDIC) | $ 250,000 | $ 250,000 |
| Collateralized: | | |
| Collateral held by the Charter's agent, pledging bank or pledging Bank's trust department or Agent in the Charter's name | 2,053,595 | 2,322,917 |
| Total Deposits | $ 2,303,595 | $ 2,572,917 |

## NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable balance of $702,364 at June 30, 2025 was comprised of the following:

| | Governmental Funds | | |
|---|---|---|---|
| | Major | | |
| Description | General | Special Revenue | Other Aggregate |
| State assistance | $ 413,529 | $ - | $ 36,101 |
| Federal assistance | - | 252,733 | - |
| Totals | $ - | $ 252,733 | $ 36,101 |

Federal assistance is based on a reimbursement program, whereby the Charter School must expend these funds before requesting cash draw downs. The Charter School expects to be reimbursed for all program expenditures.

## NOTE 4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable balance of $3,386 at June 30, 2025 was comprised of the following:

| | Governmental Funds | | |
|---|---|---|---|
| | Major | | |
| | General | Special Revenue | Other Aggregate |
| Accounts payable and accrued expenditures | $ 3,386 | $ - | $ - |

## NOTE 5: COMMITMENTS

The Charter School was contractually obligated for the following at June 30, 2025:

<u>Operating Leases</u>
In April 2022, the Charter School entered into an operating lease for the Charter School's facility. The term of this lease shall be twenty-six months commencing on May 1, 2022 and ending on July 31, 2024. The lease shall automatically renew for three successive terms of twenty-four months each unless terminated in writing. This lease has scheduled monthly payments of $13,310. Expense for the year ended June 30, 2025 under this agreement was $159,720. Subsequent to July 31, 2024, the Charter School's monthly payment will be $12,310 for a period of seventy-two months.

## NOTE 5: COMMITMENTS (CONTINUED)

Operating Leases (Continued):

On April 30, 2021, the Charter School entered into a lease agreement with Exalt Academy, LLC. for use of the land and buildings. The rental payments are equal to 100% of the annual payments required by Exalt Academy, LLC to service the debt on the premises and to service all other obligations set forth by the Arkansas Development Finance Authority on the Revenue Bonds, issued on April 30, 2021. Rental payments for the above operating lease were approximately $180,000 for the year ended June 30, 2025.

Future minimum lease payments for this lease are as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2026 | $ 151,817 |
| | $ 151,817 |

## NOTE 6: COMPENSATED ABSENCES

Charter School employees are entitled to paid vacation and sick leave, depending on the length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Costs of compensated absences are recognized when actually paid to employees. Additionally, compensated absences are not includable in the financial statements under the Regulatory Basis of Accounting (RBA) as adopted by the State of Arkansas and administered by the Arkansas State Board of Education.

## NOTE 7: SIGNIFICANT CONCENTRATION

The Charter School is economically dependent on funding received through state and federal assistance. Approximately 80% of total revenues were from state and federal sources for the year ending June 30, 2025. Revenues from other sources totaled $2,592,037.

## NOTE 8: RETIREMENT PLANS

Arkansas Teacher Retirement System
Plan Description: The Charter School contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain non-teachers hired before July 1, 1989. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries, the maximum allowed by State law. The District's contributions to ATRS for the year ended June 30, 2025 were $717,239, equal to the required contributions for the year.

Net Pension Liability: The Arkansas Department of Education has stipulated that, under the Regulatory Basis of Accounting, the requirements of Government Accounting Standards Board Statement No. 68 would be limited to disclosure of the Charter School's proportionate share of the collective net pension liability. The Charter School's proportionate share of the collective net pension liability at June 30, 2024 (actuarial valuation date and measurement date) was $4,581,611.

## NOTE 9: CONTINGENCIES

The Charter School participates in federally assisted grant programs. The Charter School is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

## NOTE 10: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the Charter School's employees, total $229,341 for the year ended June 30, 2025.

## NOTE 11: SERVICES AGREEMENT

Exalt Academy of Southwest Little Rock entered into a Management Services Agreement with Exalt Education, Inc. as of August 28, 2014. The Management Service Agreement grants Exalt Education, Inc. the power and authority, on behalf of the Charter School and consistent with federal and Arkansas law to prepare the Charter School's annual budget; to perform personnel functions such as staffing, evaluation and training; to review monthly financial statements and budgets; to provide initial training and set up of financial systems; to conduct periodic review of financial systems; to establish, implement, and evaluate an educational program and curriculum for the Charter School; to conduct professional development; to select instructional materials, equipment, and supplies; and to take such other actions that may be necessary or desirable to properly and efficiently operate the Charter School.

## NOTE 12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

| | Governmental Funds | | |
|---|---|---|---|
| | Major | | |
| Description | General | Special Revenue | Other Aggregate |
| Fund Balances: | | | |
| Restricted for: | | | |
| Enhanced student achievement funding | $ 231,646 | $ - | $ - |
| English language acquisition | 193,740 | - | - |
| Special education programs | 3,516 | - | - |
| Professional development | - | 32,719 | - |
| Medical services | 7,673 | 371,642 | - |
| State facilities funding | - | - | 132,234 |
| Professional learning grant | 20,858 | - | - |
| Merit pay | 22,690 | - | - |
| Other | 661 | 1,000 | - |
| Total Restricted | 480,784 | 405,361 | 132,234 |
| Unassigned | 1,978,651 | - | - |
| Totals | $ 2,459,535 | $ 405,361 | $ 132,234 |

## NOTE 13: RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Charter School carries commercial insurance for buildings, contents, board liability, and student accident. Settled claims have not exceeded this commercial coverage in any of the past two fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

The Charter School participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to $250,000 with a $1,000 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

## NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2026, the date which the financial statements were available for issue.

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**PULASKI COUNTY, ARKANSAS**
**SCHEDULE OF CAPITAL ASSETS**
**YEAR ENDED JUNE 30, 2025**
**(UNAUDITED)**

| | Balance June 30, 2025 |
|---|---|
| **DEPRECIABLE CAPITAL ASSETS:** | |
| Leasehold improvements | $ 423,609 |
| Vehicles & Equipment | 220,885 |
| Total depreciable capital assets | 644,494 |
| **LESS ACCUMULATED DEPRECIATION FOR:** | |
| Leasehold improvements | 287,319 |
| Vehicles & Equipment | 129,067 |
| Total accumulated depreciation | 416,386 |
| **CAPITAL ASSETS, NET** | $ 228,108 |

JACOBS & COMPANY
CPAs & Advisors PLLC
1 Crestview Plaza
Jacksonville, AR 72076
JDJ

1 Crestview Plaza, Jacksonville, Arkansas 72076
T: 501-286-6003 F: 901.425.9009

**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***

*INDEPENDENT AUDITORS' REPORT*

To the Board of Directors
Exalt Academy of Southwest Little Rock

We have audited 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, the financial statements of each major governmental fund of Exalt Academy of Southwest Little Rock as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Charter School's regulatory basis financial statements and have issued our report thereon dated March 23, 2026. We have issued an adverse opinion because the Charter School prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund of the Charter School as of June 30, 2025, and the respective regulatory basis changes in the financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Exalt Academy of Southwest Little Rock'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Exalt Academy of Southwest Little Rock's internal control. Accordingly, we do not express an opinion on the effectiveness Exalt Academy of Southwest Little Rock'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 Charter School'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 may exist that have not been identified. We did identify a certain deficiency in internal control described below that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Exalt Academy of Southwest Little Rock'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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jacobs & Company CPA's, PLLC*

Jacksonville, Arkansas
March 23, 2026

JACOBS & COMPANY
CPAs & Advisors PLLC
1 Crestview Plaza
Jacksonville, AR 72076
JDJ

1 Crestview Plaza, Jacksonville, Arkansas 72076
T: 501-286-6003 F: 901.425.9009

# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

*Independent Auditors' Report*

To the Board of Trustees
Exalt Academy of Southwest Little Rock

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Exalt Academy of Southwest Little Rock's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Exalt Academy of Southwest Little Rock's major federal program for the year ended June 30, 2025. Exalt Academy of Southwest Little Rock's major federal programs are identified in the summary of Auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Exalt Academy of Southwest Little Rock complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Charter and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Charter's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Charter's federal programs.

### *Auditors' Responsibility for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Charter's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Report on Internal Control over Compliance*

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Jacobs & Company CPA's, PLLC*

Jacksonville, Arkansas
March 23, 2026

**AUDITOR INFORMATION SHEET**

EXALT ACADEMY OF SOUTHWEST LITTLE ROCK
6111 W. 83rd Street
LITTLE ROCK, ARKANSAS

SUPERINTENDENT: TINA LONG
CONTACT PERSON: LINDA MOONEY, BUSINESS MANAGER –

| | |
|---|---|
| LEAD AUDITOR: | LISA STEPHENS, CPA |
| FIRM NAME: | JACOBS & COMPANY CPAS AND ADVISORS, PLLC |
| ADDRESS: | 1 CRESTVIEW PLAZA<br>JACKSONVILLE, ARKANSAS 72076 |
| TELEPHONE: | (501) 286-6003 |
| FAX: | (901) 425-9009 |
| EMAIL: | lisa@lisastephenscpa.com |
| LICENSE NUMBER: | 2691, ARKANSAS |

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**PULASKI COUNTY, ARKANSAS**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| CHILD NUTRITION CLUSTER | | | |
| U. S. Department of Agriculture | | | |
| Passed Through State Department of Education: | | | |
| School Breakfast Program | 10.553 | 2105 | $ 278,781 |
| National School Lunch Program | 10.555 | 2105 | 478,210 |
| Fresh Fruits and Vegetable Program | 10.582 | 2105 | 18,098 |
| Total State Department of Education | | | 775,089 |
| TOTAL CHILD NUTRITION CLUSTER | | | 775,089 |
| SPECIAL EDUCATION CLUSTER (IDEA) | | | |
| U. S. Department of Education | | | |
| Passed Through State Department of Education: | | | |
| Special Education - Grants to States | 84.027 | 2105 | 163,184 |
| TOTAL SPECIAL EDUCATION CLUSTER | | | 163,184 |
| U. S. Department of Treasury | | | |
| Passed Through State Department of Education: | | | |
| CSLLFRF; High Impact Tutoring | 21.027 | 2105 | 18,000 |
| Total U.S. Department of Treasury | | | 18,000 |
| U. S. Department of Education | | | |
| Passed Through State Department of Education: | | | |
| ARP ESSER High Impact Tutoring | 84.425U | 2105 | 260,800 |
| Total Education Stabilization Fund | | | 260,800 |
| Title I Grants - Local Educational Agencies | 84.010 | 2105 | 473,064 |
| Teacher Incentive Fund | 84.374B | 2105 | 62,006 |
| Charter School Program Grant | 84.282A | 2105 | 54,270 |
| Student Support and Academic Enrichment Program | 84.424A | 2105 | 22,160 |
| Title II Part A - Improving Teacher Quality | 84.367 | 2105 | 40,487 |
| Title III Part A - English Language Acquisition | 84.365 | 60-50 | 45,315 |
| Title IV Part B - 21st Century Community Learning | 84.287 | 2105 | 168,341 |
| Total U. S. Department of Education | | | 865,643 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | $ 2,082,716 |

The accompanying notes are an integral part of ths schedule.

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Exalt Academy of Southwest Little Rock (the Charter School) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Charter School.

2. During the year ended June 30, 2025, the Charter School received Medicaid funding of $181,667 from the State Department of Human Services. Such payments are not considered Federal awards expended and therefore are not included in the above schedule.

3. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements*, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

4. The Charter has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**JUNE 30, 2025**

**Section I – Summary of Auditors' Results**

*Financial Statements*
Type of Auditors' report issued: Unqualified opinion

Internal control over financial reporting:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency identified that is not considered to be a material weakness? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

*Federal Awards*
Internal control over major programs:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of Auditors' report issued on compliance for a major program: Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance ______ Yes __X__ No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.582 | Fresh Fruits and Vegetable Program |

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualifies as a low-risk auditee? __X__ Yes ______ No

## Section II – Financial Statement Findings

None

## Section III – Federal Award Findings

None

**EXALT ACADEMY OF SOUTHWEST LITTLE ROCK**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**JUNE 30, 2025**

## Section II – Financial Statement Findings

None

## Section III – Federal Award Findings

None

JACOBS & COMPANY
CPAs & Advisors PLLC
1 Crestview Plaza
Jacksonville, AR 72076

1 Crestview Plaza, Jacksonville, Arkansas 72076
T: 501-286-6003 F: 901.425.9009

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Trustees
Exalt Academy of Southwest Little Rock
Jacksonville, Arkansas

We have examined management's assertions that Exalt Academy of Southwest Little Rock substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations, including those listed in the accompanying schedule of statues required to be addressed by the Arkansas Department of Education during the year ended June 30, 2025. Management is responsible for the Charter School's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the Charter School's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Charter School's compliance with specified requirements.

In our opinion, Exalt Academy of Southwest Little Rock compiled with the aforementioned requirements for the year ended June 30, 2025.

This report is intended solely for the information and use of the Board of Trustees, management, and the Arkansas Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Jacobs & Company CPA's, PLLC*

Jacksonville, Arkansas
March 23, 2026