FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS

REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

With

INDEPENDENT AUDITOR'S REPORT

JACOBS AND COMPANY, LLP

FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS

TABLE OF CONTENTS

JUNE 30, 2025

	PAGE
Independent Auditor's Report	1 – 3
Regulatory Basis Financial Statements:	
Balance Sheet – Regulatory Basis	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	6
Notes to Financial Statements	7 – 15
Other Reports and Supplementary Information:	
Schedule of Capital Assets (Unaudited)	16
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	17 – 18
Auditor Information Sheet	19
Independent Auditor's Report on Compliance with Arkansas State Requirements	20

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Future School of Fort Smith Charter School

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of Future School of Fort Smith Charter School (the "Charter School"), 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 as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective regulatory basis 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 thereof 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 Future School of Fort Smith as of June 30, 2025, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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.

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

As described in Note 1 to the financial statements, 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 the financial reporting provisions of 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 the 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 and our auditor's 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 between the other information and the regulatory basis financial statements or the other information otherwise appears to be materially 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 in our report.

Other reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued my report dated January 5, 2026, our consideration of the Charter School's internal control over financial reporting and on my 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 my 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
January 5, 2026

FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Governmental Funds			
	Major			
	General Revenue	Special Revenue	Other Aggregate	Fiduciary
ASSETS				
Cash and cash equivalents	$ 1,022,145	$ 185,132	$ -	$ 13,332
Accounts receivable	-	18,207	10,584	-
Total Assets	$ 1,022,145	$ 203,339	$ 10,584	$ 13,332
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 5,955	$ 545	$ 10,584	$ -
Due to student groups	-	-	-	13,332
Total Liabilities	5,955	545	10,584	13,332
Fund Balances:				
Restricted	5,680	202,794	-	-
Assigned	-	-	-	-
Unassigned	1,010,510	-	-	-
Total Fund Balances	1,016,190	202,794	-	-
Total Liabilities and Fund Balances	$ 1,022,145	$ 203,339	$ 10,584	$ 13,332

FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Major		
	General Revenue	Special Revenue	Other Aggregate
REVENUES			
State assistance	$ 2,127,863	$ 623	$ 105,992
Federal assistance	-	416,497	-
Meal sales	-	22,100	-
Other revenues	5,401	2,000	-
Total Revenues	2,133,264	441,220	105,992
EXPENDITURES			
Current:			
Regular programs	1,176,862	45,442	-
Special education	55,477	18,181	-
Career and technical education	17,249	-	
Compensatory	-	-	-
Other instructional services	6,500	-	-
Support services - students	80,412	49,939	-
Support services - instructional staff	16,342	156,653	-
Support services - general administration	257,300	-	-
Support services - school administration	99,517	-	-
Support services - business services	110,203	21,316	-
Support services - M & O	299,890	14,097	148,690
Student transportation services	26,551	-	-
Non-programmed expenses	57	-	-
Food services operations	-	173,819	-
Facilities acquisition and construction services	-	973	-
Total Expenditures	2,146,360	480,420	148,690
		-	
Excess (deficiency) of revenue over expenditures	(13,096)	(39,200)	(42,698)
OTHER FINANCING SOURCES (USES)			
Transfers	(55,013)	55,013	-
Total Other Financing Sources (Uses)	(55,013)	55,013	-
Excess (deficiency) of revenue over expenditures and Other Uses	(68,109)	15,813	(42,698)
FUND BALANCE - BEGINNING OF YEAR	1,084,299	186,981	42,698
FUND BALANCE - END OF YEAR	$ 1,016,190	$ 202,794	$ -

FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	$ 2,230,209	$ 2,127,863	$ (102,346)	$ -	$ 623	$ 623
Federal assistance	-	-	-	394,614	416,497	21,883
Meal sales	-	-	-	20,000	22,100	2,100
Other revenues	209,146	5,401	(203,745)	-	2,000	2,000
Total Revenues	2,439,355	2,133,264	(306,091)	414,614	441,220	26,606
EXPENDITURES						
Current:						
Regular programs	1,183,192	1,176,862	6,330	44,750	45,442	(692)
Special education	52,500	55,477	(2,977)	36,745	18,181	18,564
Compensatory	27,211	-	27,211	-	-	-
Other instructional services	8,418	6,500	1,918	-	-	-
Support services - students	87,600	80,412	7,188	58,934	49,939	8,995
Support services - instructional staff	15,665	16,342	(677)	176,370	156,653	19,717
Support services - general administration	276,500	257,300	19,200	-	-	-
Support services - school administration	100,100	99,517	583	-	-	-
Support services - central services	130,573	110,203	20,370	-	21,316	(21,316)
Support services - M & O	343,671	299,890	43,781	-	14,097	(14,097)
Student transportation services	22,075	26,551	(4,476)	-	-	-
Non-programmed expenses	57	57	-	2,815	973	1,842
Food services operations	-	-	-	159,958	173,819	(13,861)
Faculties acquisition and construction services	-	-	-	-	-	-
Total Expenditures	2,247,562	2,129,111	118,451	479,572	480,420	(848)
Excess (deficiency) of revenue over expenditures	191,793	4,153	(187,640)	(64,958)	(39,200)	25,758
OTHER FINANCING SOURCES (USES)						
Transfers	(64,958)	(55,013)	(9,945)	64,958	55,013	9,945
Total Other Financing Sources (Uses)	(64,958)	(55,013)	(9,945)	64,958	55,013	9,945
Excess (deficiency) of revenue over expenditures and Other Uses	126,835	(50,860)	(197,585)	-	15,813	35,703
FUND BALANCE - BEGINNING OF YEAR	1,084,299	1,084,299	-	186,981	186,981	-
FUND BALANCE - END OF YEAR	$ 1,211,134	$ 1,033,439	$ (197,585)	$ 186,981	$ 202,794	$ 35,703

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In October 2015, the Arkansas State Board of Education granted charter status to Future School of Fort Smith Charter School creating the Charter School. The governing body of the Charter School is the Board of Directors, which is comprised of 5 members. The Charter School is located in Fort Smith, Arkansas.

Description of Funds

Major individual governmental funds (per the regulatory basis) are defined as General and Special Revenue.

> *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 (Building)* – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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 ae 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). 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 requires that basic financial statements present government-wide financial statements. Additionally, GAAP requires 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.

Interfund Balances and Transactions

Receivables and payables resulting from short-term interfund loans are classified as "due to" or "due from" other funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
Leasehold Improvements	Life of the lease

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:

> *Restricted Fund Balance* – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond convenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Assigned Fund Balance* – represents amounts that are constrained by the Charter School's intent to be used for specific purposes but are neither restricted nor committed.
>
> *Unassigned Fund Balance* – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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.

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.

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 ADE. The Charter School's budget is prepared utilizing the same basis of accounting described in Note 1.

Stabilization Arrangements

The Charter School's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

Minimum Fund Balance Policies

The Charter School's Board of Education has not formally adopted a minimum fund balance policy.

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	960,026	1,071,499
Total Deposits	$1,210,026	$1,321,499

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable balance of $28,791 at June 30, 2025 was comprised of federal and state assistance. 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 $17,084 at June 30, 2025 was comprised of vendor invoices.

NOTE 5: COMMITMENTS

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

Operating Leases
In December 2021, the Charter School entered into two operating leases for the Charter School's facility. The original lease term is for a period of forty-five months, with an option to renew in August 2025. The lease was extended until May 30, 2026. The lease has scheduled monthly payments of $19,457 for the first forty-five months. Expense for the year ended June 30, 2025 under these agreements was $233,484.

Future lease payments at June 30, 2025 was $3,184,234.

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 99% of total revenues were from state and federal sources for the year ending June 30, 2025. Additionally, the Charter School received $29,501 from other school sources (1% of total revenues).

NOTE 8: RETIREMENT PLANS

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 nonteachers 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 1-501-682-1517 or by visiting the ATRS website at: www.artrs.gov.

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 Charter School's contributions to ATRS for the years ended June 30, 2025 was $227,087 equal to the required contributions for each 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 $2,117,911.

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 $54,639 for the year ended June 30, 2025.

NOTE 11: 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 11: 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	$ 802	$ -	$ -
English language acquisition	32	-	-
Professional development	4,846		
Medicare (Medical Services)	-	171,080	-
Capital projects	-	-	-
Special Education	-	22,152	-
Other purposes	-	9,562	
Total Restricted	5,680	202,794	-
Unassigned	1,010,510	-	-
Totals	$ 1,016,190	$ 202,794	$ -

NOTE 12: COMPONENT UNIT

The financial statements do not include assets, liabilities, equity, and changes in equity of the Future School LLC, a wholly-owned subsidiary of the sponsoring organization, Future School of Fort Smith, a nonprofit corporation. The LLC operates as a lessor of the facilities located in Fort Smith to Future School of Fort Smith. A summary of the LLC's financial condition (unaudited) as of June 30, 2025, is as follows:

	June 30, 2025
Assets:	
Cash	$ -
Fixed Assets	3,465,016
Total Assets	$ 3,465,016
Liabilities:	
Long-term debt	$ 3,184,234
Total Liabilities	3,184,234
Stockholder's Equity	280,782
Total Liabilities and Equity	$ 3,465,016
Revenue:	
Rental Income	$ 233,484
Total Revenue	233,484
Expenditures:	
Interest expense	190,558
Total Expenditures	190,558
Net Income (Loss)	$ 42,926

NOTE 13: GOING CONCERN

The accompanying financial statements have been prepared assuming that the Charter will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Charter has experienced a decrease in students and loss of funding during the current year. These factors rise concern's of the Charter's ability to continue as a going concern. Management's plans to alleviate this doubt include refinancing their current debt, strengthening their academic plans and increasing the student count. While management believes these actions will be successful, they are not guaranteed. Based on these actions, management believes the Charter will be able to meet its obligations for the next twelve months.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 5, 2026 the date which the financial statements were available for issue.

FUTURE SCHOOL OF FORT SMITH CHARTER SCHOOL
SEBASTIAN COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Balance June 30, 2025
DEPRECIABLE CAPITAL ASSETS:	
Leasehold Improvements	$ 2,869,605
Equipment	139,137
Total depreciable capital assets	3,008,742
LESS ACCUMULATED DEPRECIATION FOR:	
Leasehold Improvements	977,789
Equipment	60,284
Total accumulated depreciation	1,038,073
CAPITAL ASSETS, NET	$ 1,970,669

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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 AUDITOR'S REPORT

To the Board of Trustees
Future School of Fort Smith Charter School

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 Future School of Fort Smith Charter School 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 my report thereon dated January 5, 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, I considered Future School of Fort Smith Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Future School of Fort Smith Charter School's internal control. Accordingly, I do not express an opinion on the effectiveness Future School of Fort Smith Charter School'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.

My 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 my audit, I 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Future School of Fort Smith Charter School's financial statements are free from material misstatement, I 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, I 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 my 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
January 5, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Trustees
Future School of Fort Smith Charter School

I have examined management's assertions that Future School of Fort Smith Charter School ("the Charter School") 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. My responsibility is to express an opinion on management's assertions about the Charter School's compliance based on my examination.

My 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. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Charter School's compliance with specified requirements.

In my opinion, Future School of Fort Smith Charter School complied 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
January 5, 2026