KIPP Delta Public Schools

Phillips County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
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REGULATORY BASIS FINANCIAL STATEMENTS

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Arkansas

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Sen. Jim Dotson
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

KIPP Delta Public Schools and School Board Members
Legislative Joint Auditing Committee

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 the KIPP Delta Public Schools (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 Opinions 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 basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. 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 section of our report, the accompanying 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 the Charter School 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Charter School on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Arkansas. 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 determinable, 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 Ark. 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 School'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 School'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 opinions on the financial statements that collectively comprise the Charter School's regulatory basis financial statements. 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements, supplementary information, 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 exists 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 our report dated June 1, 2026 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 1, 2026
EDCS04025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

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

KIPP Delta Public Schools and School Board Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major governmental fund and the aggregate remaining fund information of the KIPP Delta Public Schools (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, and have issued our report thereon dated June 1, 2026. We 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 and pervasive. However, the financial statements 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 basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Charter School in a separate letter dated June 1, 2026.

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Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 1, 2026

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

KIPP Delta Public Schools and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the KIPP Delta Public Schools's (the "Charter School") compliance with the compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal programs for the year ended June 30, 2025. The Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinions on Assistance Listing Number (ALN) 84.010A Title I Grants to Local Educational Agencies and ALN 84.425 COVID-19 – Education Stabilization Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 84.010A Title I Grants to Local Educational Agencies and ALN 84.425 COVID-19 – Education Stabilization Fund for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Charter School 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Basis for Qualified and Unmodified Opinions **(Continued)**

Matters Giving Rise to Qualified Opinions on ALN 84.010A Title I Grants to Local Educational Agencies and ALN 84.425 COVID-19 - Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the Charter School did not comply with requirements regarding the following:

Finding #	ALN	Program Name	Compliance Requirement
2025-001	84.010A	Title I Grants to Local Educational Agencies	Allowable Costs/Cost Principles
2025-002	84.425D	COVID-19 - Education Stabilization Fund	Equipment and Real Property Management
2025-003	84.425U	COVID-19 - Education Stabilization Fund	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for the Charter School to comply with the requirements applicable to that program.

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 School's federal programs.

Auditor's Responsibilities 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 School'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 School'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 School'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 School'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 School'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-004 and 2025-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004 and 2025-005 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 1, 2026

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

KIPP Delta Public Schools and School Board Members
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with Charter School officials during the course of our audit fieldwork and at the exit conference.

A review of credit card disbursements for a two-month period revealed $7,334 in questionable transactions:

- $5,187 without supporting documentation or a documented business purpose.
- $2,147 that appeared to be for an allowable business purpose but did not have adequate supporting documentation.

Without adequate supporting documentation, the validity of these purchases cannot be determined.

The Charter School's bank account was unreconciled during the 2025 fiscal year with unexplained variances ranging from ($1,147,521) to $798,704. As of June 30, 2025, there was an unexplained variance of $112,071. A similar finding was issued in the prior year audit.

Deposits at June 30, 2025, and February 28, 2025, were uninsured and uncollateralized by $610,636 and $1,119,113, respectively, in noncompliance with Ark. Code Ann. § 6-20-222.

The following issues were identified during our testing of capital assets:

- Capital asset records were not maintained in the Arkansas Public School Computer Network (APSCN) system, as required by Ark. Code Ann. § 6-11-128.
- The capital asset listing maintained by the Charter School did not include additions or deletions for the year ended June 30, 2025. Additionally, the capital asset listing did not include serial numbers or identification numbers for the assets.
- Of the ten items selected for testing, seven could not be identified due to the capital asset listing not containing identifying numbers, while the remaining three items were identified by description and sighted without exception.

The Charter School paid $6,650 to an employee for lawn and landscaping services and $1,126 to an employee for lodging without Board approval, in conflict with Ark. Code Ann. § 6-24-107.

We examined 17 journal entries and noted the following deficiencies:

- Approval by someone other than the preparer was not documented for 11 journal entries.
- Supporting documentation was not maintained for 3 journal entries; therefore, appropriateness could not be determined.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and Charter School management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 1, 2026

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Exhibit A

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	$ 1,832,896	$ 198,235	
Accounts receivable	51,612	915,205	$ 57,272
Due from other funds	9,063		
TOTAL ASSETS	$ 1,893,571	$ 1,113,440	$ 57,272
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 43,980	$ 201,386	$ 12,591
Due to other funds			9,063
Total Liabilities	43,980	201,386	21,654
Fund Balances:			
Restricted	1,941,822	952,984	35,618
Assigned	220,024		
Unassigned	(312,255)	(40,930)	
Total Fund Balances	1,849,591	912,054	35,618
TOTAL LIABILITIES AND FUND BALANCES	$ 1,893,571	$ 1,113,440	$ 57,272

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

Exhibit B

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Major		
	General	Special Revenue	Other Aggregate
REVENUES			
State assistance	$ 12,765,028	$ 5,957	$ 502,271
Federal assistance		7,286,540	
Activity revenues	38,066		
Meal sales		53	
Investment income	5,260		
Other revenues	436,375		
TOTAL REVENUES	13,244,729	7,292,550	502,271
EXPENDITURES			
Regular programs	4,923,423	298,205	
Special education	260,799	418,281	
Compensatory education programs	772,169	1,230,452	
Student support services	839,588	710,037	
Instructional staff support services	801,821	1,003,802	
General administration support services	1,398,889	917,068	
School administration support services	1,586,997		
Central services support services	504,819		
Operation and maintenance of plant services	1,388,130	1,078,401	480,074
Student transportation services	1,073,316		
Other support services	20,885		
Food services operations		1,310,897	
Activity expenditures	23,813		
Debt Service:			
Principal retirement	684,055		
Interest and fiscal charges	450,393		
TOTAL EXPENDITURES	14,729,097	6,967,143	480,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,484,368)	325,407	22,197
OTHER FINANCING SOURCES (USES)			
Refund to grantor	(4,818)		
Previous year voided checks and corrections	641,442		
TOTAL OTHER FINANCING SOURCES (USES)	636,624		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(847,744)	325,407	22,197
FUND BALANCES - JULY 1	2,697,335	586,647	13,421
FUND BALANCES - JUNE 30	$ 1,849,591	$ 912,054	$ 35,618

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

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	$ 12,664,942	$ 12,765,028	$ 100,086		$ 5,957	$ 5,957
Federal assistance				$ 5,613,701	7,286,540	1,672,839
Activity revenues	146,953	38,066	(108,887)			
Meal sales					53	53
Investment income		5,260	5,260			
Other revenues	206,152	436,375	230,223			
TOTAL REVENUES	13,018,047	13,244,729	226,682	5,613,701	7,292,550	1,678,849
EXPENDITURES						
Regular programs	4,545,088	4,923,423	(378,335)	578,470	298,205	280,265
Special education	513,364	260,799	252,565	644,274	418,281	225,993
Compensatory education programs	980,833	772,169	208,664	2,862,272	1,230,452	1,631,820
Other instructional programs	31,582		31,582			
Student support services	643,835	839,588	(195,753)	217,689	710,037	(492,348)
Instructional staff support services	946,508	801,821	144,687	949,679	1,003,802	(54,123)
General administration support services	439,818	1,398,889	(959,071)		917,068	(917,068)
School administration support services	1,219,869	1,586,997	(367,128)			
Central services support services	(1,674,534)	504,819	(2,179,353)			
Operation and maintenance of plant services	1,505,913	1,388,130	117,783		1,078,401	(1,078,401)
Student transportation services	1,020,116	1,073,316	(53,200)			
Other support services	9,442	20,885	(11,443)			
Food services operations				1,370,100	1,310,897	59,203
Community services operations				593		593
Non-programmed costs				235,768		235,768
Activity expenditures		23,813	(23,813)			
Debt Service:						
Principal retirement		684,055	(684,055)			
Interest and fiscal charges	461,579	450,393	11,186			
TOTAL EXPENDITURES	10,643,413	14,729,097	(4,085,684)	6,858,845	6,967,143	(108,298)

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 2,374,634	$ (1,484,368)	$ (3,859,002)	$ (1,245,144)	$ 325,407	$ 1,570,551
OTHER FINANCING SOURCES (USES)						
Transfers in	9,902,173		(9,902,173)	172,972		(172,972)
Transfers out	(9,540,146)		9,540,146	(345,972)		345,972
Refund to grantor		(4,818)	(4,818)			
Previous year voided checks and corrections		641,442	641,442			
TOTAL OTHER FINANCING SOURCES (USES)	362,027	636,624	274,597	(173,000)		173,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,736,661	(847,744)	(3,584,405)	(1,418,144)	325,407	1,743,551
FUND BALANCES - JULY 1	2,349,251	2,697,335	348,084	675,239	586,647	(88,592)
FUND BALANCES - JUNE 30	$ 5,085,912	$ 1,849,591	$ (3,236,321)	$ (742,905)	$ 912,054	$ 1,654,959

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

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a four member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the KIPP Delta Public Schools (Charter School). There are no component units.

B. Description of Funds

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
Special Revenue Fund - The Special Revenue Fund is 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. The Special Revenue Fund includes federal revenues and 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 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.

C. 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 Ark. Code Ann. § 10-4-413(c) 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 and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, and debt in the financial statements, inclusion of compensated absences and the net pension liability 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.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. 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 financed purchases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

D. Revenue Recognition Policies

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

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. 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 acquisition value when received. The Charter School maintains a threshold level of $1,000 for capitalizing equipment. Library holdings are not capitalized.

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
Improvements/infrastructure	5-40
Buildings	40
Equipment	3-15

F. Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

G. Fund Balance Classifications

1. 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 covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. 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.

3. 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.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance Classification Policies and Procedures

The Executive Director, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The Charter School's Board of Education has not adopted a formal policy addressing this authorization.

The Charter School's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the Charter School's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The Charter School does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. Charter School personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Charter School does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

I. 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.

J. Minimum Fund Balance Policies

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

K. Budget and Budgetary Accounting

The Charter School is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The Charter School does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The Charter School budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the Charter School routinely budgets restricted federal programs as part of the special revenue fund.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

L. Encumbrances

The Charter School does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost. The Charter School's cash deposits at June 30, 2025, were as follows:

	Bank Balance
Insured (FDIC)	$ 500,000
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the Charter School's name	2,668,882
Uninsured and uncollateralized	610,636
Total Deposits	$ 3,779,518

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter School's deposits may not be returned to it. The Charter School does not have a formal policy for custodial credit risk. At June 30, 2025, $610,636 of the Charter School's bank balance of $3,779,518 was exposed to custodial credit risk.

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, were comprised of the following:

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
State assistance	$ 51,612		$ 57,272
Federal assistance		$ 915,205	
Totals	$ 51,612	$ 915,205	$ 57,272

4: ACCOUNTS PAYABLE

Accounts payable at June 30, 2025, were comprised of the following:

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Vendor payables	$ 43,980	$ 201,386	$ 12,591

5: COMMITMENTS

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

A. Construction Contract

Project Name	Completion Date		Contract Balance
Energy Conservation Project	March 19, 2026	*	$ 6,932,740

* In March 2026, the Charter School elected to not complete the remaining $6,932,740 of this project.

B. Lease (lease of nonfinancial assets with initial noncancelable lease terms in excess of one year)

General description of leases and leasing arrangements: On October 28, 2022, the Charter School executed a lease agreement for multiple copiers with Canon Financial Services. The arrangement stipulated 36 monthly payments of $2,453.

Future minimum lease payments for the succeeding years:

Year Ended June 30,	Amount
2026	$ 7,359
Total	$ 7,359

Lease payments were approximately $31,889 for the year ended June 30, 2025.

C. Long-term Debt Issued and Outstanding

The Charter School is presently paying on the following long-term debt:

Date of Issue	Date of Final Maturity		Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Maturities To June 30, 2025
Direct Borrowings						
12/14/11	12/14/32		5.39%	3,000,000	1,512,991	1,487,009
3/13/18	3/13/48		2.75%	9,990,000	8,450,433	1,539,567
12/26/19	12/26/26		5.25%	1,200,000	618,029	581,971
6/26/24	6/30/25	*	2.00%	750,000	750,000	
Total Long-Term Debt				$ 14,940,000	$ 11,331,453	$ 3,608,547

* Debt due date was June 30, 2025; however, debt was subsequently forgiven in September 2025.

5: COMMITMENTS (Continued)

C. Long-term Debt Issued and Outstanding (Continued)

Changes in Long-term Debt

	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
Direct Borrowings				
Installment contracts	$ 12,015,508	$ 0	$ 684,055	$ 11,331,453

Future Principal and Interest Payments

Year Ended June 30,	Direct Borrowings Principal	Interest	Total
2026	$ 1,315,129	$ 350,907	$ 1,666,036
2027	949,953	301,813	1,251,766
2028	473,958	272,579	746,537
2029	492,869	253,667	746,536
2030	512,007	234,530	746,537
2031-2035	2,224,724	896,911	3,121,635
2036-2040	1,892,395	613,145	2,505,540
2041-2045	2,171,554	333,986	2,505,540
2046-2048	1,298,864	50,208	1,349,072
Totals	$ 11,331,453	$ 3,307,746	$ 14,639,199

6: RETIREMENT PLAN

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 employees of schools and education-related agencies, except certain non-teaching school employees. 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, by calling 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 Charter School's contributions to ATRS for the year ended June 30, 2025, were $1,390,509, equal to the required contributions.

6: RETIREMENT PLAN (Continued)

Arkansas Teacher Retirement System (Continued)

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental 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 $10,293,456.

7: DEFICIT FUND BALANCES

The deficit unassigned fund balances of $312,255 and $40,930 in the general fund and special revenue fund, respectively, presented at Note 10, were a result of lack of proper budget monitoring and implementation of effective cost reduction procedures.

8: 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, vehicles, board liability, general liability, student accident, workers compensation, crime, and cyber.

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 $300,000 with a $2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

9: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the Charter School's employees, totaled $299,222 for the year ended June 30, 2025.

10: 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	$ 869,738		
Enhanced student achievement funding match grant	819,094		
English-language learners	24,838		
Professional development	76,688		
Capital projects			$ 35,618
Child nutrition programs		$ 806,736	
Special education programs		60,391	
ARPA stabilization grants (COVID-19)		65,000	
Other purposes	151,464	20,857	
Total Restricted	1,941,822	952,984	35,618
Assigned to:			
Debt service	216,599		
Student activities	3,425		
Total Assigned	220,024		
Unassigned	(312,255)	(40,930)	
Totals	$ 1,849,591	$ 912,054	$ 35,618

11: SUBSEQUENT EVENTS

On September 26, 2025, a loan dated June 26, 2024, for $750,000 and all accrued interest was forgiven by the KIPP Foundation.

On October 14, 2025, the school board voted to submit a charter amendment request to the Arkansas Department of Education (ADE) Charter Authorizing Panel to change the name of the charter and disaffiliate from the KIPP Foundation as its Charter Management Organization, effective July 1, 2026. The ADE Charter Authorizing Panel approved the amendment request at its November 20, 2025, meeting. Subsequently, the ADE State Board of Education accepted the ADE Charter Authorizing Panel's decision at its December 11, 2025, meeting.

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 1

	Balance June 30, 2025
Nondepreciable capital assets:	
Land	$ 945,490
Construction in progress	695,066
Total nondepreciable capital assets	1,640,556
Depreciable capital assets:	
Buildings	25,590,384
Equipment	5,869,062
Total depreciable capital assets	31,459,446
Less accumulated depreciation for:	
Buildings	8,773,396
Equipment	4,844,808
Total accumulated depreciation	13,618,204
Total depreciable capital assets, net	17,841,242
Capital assets, net	$ 19,481,798

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
U. S. Department of Agriculture				
Arkansas Department of Education - School Breakfast Program	10.553	5440		$ 382,675
National School Lunch Program (Note 4)	10.555	Direct		49,997
Arkansas Department of Education - National School Lunch Program	10.555	5440		793,768
Arkansas Department of Education - National School Lunch Program (Note 5)	10.555	5440000		33,641
Total for National School Lunch Program				877,406
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	5440		50,816
Total U. S. Department of Agriculture				1,310,897
TOTAL CHILD NUTRITION CLUSTER				1,310,897
SPECIAL EDUCATION CLUSTER (IDEA)				
U. S. Department of Education				
Arkansas Department of Education - Special Education - Grants to States	84.027A	5440		421,518
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	5440		12,821
Total U. S. Department of Education				434,339
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				434,339
OTHER PROGRAMS				
U. S. Department of Education				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	5440		1,453,637
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5440		1,108,053
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5440		2,571,610
Total Education Stabilization Fund				3,679,663
Total U. S. Department of Education				5,133,300
TOTAL OTHER PROGRAMS				5,133,300
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 0	$ 6,878,536

The accompanying notes are an integral part of this schedule.

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of KIPP Delta Pubilc Schools (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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit 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 or changes in financial position of the School.

Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: The School has elected not to use the 10% or 15% de minimis indirect cost rates allowed under the Uniform Guidance.

Note 4: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.

Note 5: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Education.

Schedule 3

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
Regulatory basis - unmodified

Internal control over financial reporting:

• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

FEDERAL AWARDS

Internal control over major federal programs:

• Material weakness(es) identified?	X	yes		no
• Significant deficiency(ies) identified?	X	yes		none reported

Type of auditor's report issued on compliance for major federal programs:

Federal Program or Cluster	Opinion
84.027A and 84.173A - Special Education Cluster (IDEA)	unmodified
84.010A - Title I Grants to Local Educational Agencies	qualified
84.425D and 84.425U- COVID-19 - Education Stabilization Fund	qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	yes		no

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.027A and 84.173A	Special Education Cluster (IDEA)
84.010A	Title I Grants to Local Educational Agencies
84.425D and 84.425U	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee?		yes	X	no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
TITLE I - GRANTS TO LOCAL EDUCATIONAL AGENCIES - AL NUMBER 84.010A
PASS-THROUGH NUMBER 5440
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-001. Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200, subpart E – Cost Principles, establishes principles and standards for determining allowable costs incurred by the School under federal awards. Such costs are to be necessary and reasonable for the performance of the federal award and adequately documented.

Condition: During our examination of Title I payroll expenditures, we identified $68,662 in salary and fringe benefits paid to Non-Title I employees. A similar finding was issued in the prior year audit.

Cause: Lack of internal controls and management oversight over program expenditures.

Effect or potential effect: Unallowable costs of $68,662 were paid from Title I.

Questioned costs: $68,662.

Context: An examination of Title I payroll expenditures for 6 employees totaling $173,575 from a population of 44 employees totaling $1,378,919. Our sample was not a statistically valid sample.

Identification as a repeat finding: Yes

Recommendation: The Charter School should contact the Arkansas Division of Elementary and Secondary Education (DESE) for guidance regarding this matter and implement proper controls over program expenditures.

Views of responsible officials: The School has contacted DESE for guidance regarding this matter and has implemented proper controls over Title I program expenditures.

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND - AL NUMBERS 84.425D AND 84.425U
PASS-THROUGH NUMBER 5440
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-002. Equipment and Real Property Management

Criteria or specific requirement: Proper records should be maintained for equipment acquired with federal awards as specified in Office of Management and Budget (OMB) 2 CFR part 200.313(d)(1). Specifically, the property records must include a serial number or another identification number and the source of the funding for the property (including the federal award identification number).

Condition: During our examination of property records for equipment acquired under the Education Stabilization Fund program, we noted the capital asset listing did not include items purchased during the 2025 fiscal year nor serial numbers and/or identification tag numbers. A similar finding was issued in the prior year audit.

Cause: Lack of internal controls and management oversight over property records.

Effect or potential effect: Items purchased with Education Stabilization funds could not be identified for sighting and the asset listing was incomplete.

Context: A test of three assets from the capital asset listing and one capital outlay purchase during the fiscal year.

Identification as a repeat finding: Yes

Recommendation: Internal controls should be implemented to ensure property records include all required information.

Views of responsible officials: The School has since implemented an improved inventory control system that conducts inventory and records all information into APSCN as required.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

MATERIAL WEAKNESSES (Continued)

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND - AL NUMBER 84.425U
PASS-THROUGH NUMBER 5440
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-003. Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200, subpart E – Cost Principles, establishes principles for determining the allowable costs incurred by the School under federal awards. Such costs are to be necessary and reasonable for the performance of the federal award. Office of Management and Budget (OMB) 2 CFR part 200 subpart D - Establish, document and maintain effective internal controls over the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award. Such controls are necessary and reasonable for the performance of the Federal Award.

Condition: In our test of Education Stabilization Fund non-payroll expenditures, documentation was not provided for three expenditures totaling $47,412. Additionally, $61,332 of the non-payroll expenditures tested lacked documented approval prior to payment. A similar finding was issued in the prior year audit.

Cause: Lack of internal controls and management oversight over program expenditures.

Effect or potential effect: Documentation was not retained for audit resulting in questioned costs.

Questioned costs: $47,412.

Context: A sample of 6 non-payroll expenditures totaling $306,142 from a population of 56 totaling $3,559,186. Our sample was not a statistically valid sample.

Identification as a repeat finding: Yes

Recommendation: To ensure expenditures charged to federal award programs are accurate, all expenditures should be reviewed and approved by appropriate Charter School personnel. Documentation of this review and approval should be maintained. Furthermore, documentation for all expenditures should be maintained.

Views of responsible officials: The School has made personnel and policy changes, and has put in place a purchase order process of approval that documents expenditures in compliance with audit regulations. The School has also made coding corrections and implemented proper controls over program expenditures.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

SIGNIFICANT DEFICIENCIES

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
SPECIAL EDUCATION CLUSTER - AL NUMBERS 84.027A AND 84.173A
PASS-THROUGH NUMBER 5440
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-004. Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200, subpart E – Cost Principles, establishes principles for determining the allowable costs incurred by the School under federal awards. Such costs are to be necessary and reasonable for the performance of the federal award.

Condition: During our test of Special Education non-payroll expenditures, we identified unallowable costs totaling $19,750.

Cause: Lack of internal controls and management oversight over program expenditures.

Effect or potential effect: Unallowable costs of $19,750 were paid from Special Education funds.

Questioned costs: $19,750.

Context: Tested all non-payroll checks (2) totaling $25,240.

Identification as a repeat finding: No

Recommendation: The Charter School should contact the Arkansas Division of Elementary and Secondary Education (DESE) for guidance regarding this matter and implement proper controls over program expenditures.

Views of responsible officials: The School has made personnel and policy changes and has also been in contact with DESE for guidance. The School has since made coding corrections and implemented proper controls over program expenditures.

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND - AL NUMBERS 84.425D AND 84.425U
PASS-THROUGH NUMBER 5440
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-005. Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR 200.430(g)(1) requires that salaries and wages charged to federal awards must be based on records that accurately reflect the work performed.

Condition: Time distribution certifications that support salaries and wages charged to the Education Stabilization Fund were not maintained. A similar finding was noted in the prior year.

Cause: Procedures are in place for personnel to review the accuracy of the time distribution certifications. However, these procedures were not followed in the current year.

Effect or potential effect: Without proper documentation, it cannot be verified that salaries and wages charged to program were based on actual time spent on allowable program-related activities.

Questioned costs: $19,396.

Context: A sample of 4 employees from a population of 31 employees. Our sample was not a statistically valid sample.

Identification as a repeat finding: Yes

Recommendation: The Charter School should follow procedures established to ensure charges are accurate, allowable, and properly allocated.

Views of responsible officials: The School has now made personnel and policy changes, and established procedures regarding time certifications that provide assurance that charges are accurate, allowable, and properly allocated.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025
FINANCIAL STATEMENT FINDINGS

2024 Findings – Material Weaknesses

2024-001 Maintaining Supporting Documentation for Cash Receipts and Expenditures

Condition: Adequate supporting documentation was not maintained for cash receipts and cash expenditures.

Current Status: All recommendations have been met and are fully implemented. To address initial integration issues with uploading Avid data into eFinance, staff temporarily utilized a Google Drive workaround. Since then, eFinance has been updated, coding errors have been resolved, and the system variance has been reduced to-$100,129.80. Although these recommendations were received late in FY 2025, compliance efforts were proactively underway prior to the formal audit release.

2024-002 Bank Reconciliation

Condition: Monthly bank reconciliations are not being prepared and reconciled to the general ledger by management.

Current Status: As of FY 2026, monthly bank reconciliations are being prepared and signed by the Executive Director.

2023 Findings – Material Weakness

2023-001 Maintaining Supporting Documentation for Cash Receipts

Condition: Adequate supporting documentation was not maintained for cash receipts.

Current Status: Corrective Action Taken.

2024 Findings – Significant Deficiencies

2024-003 Maintaining Supporting Documentation for Contributions and Related Restrictions

Condition: Adequate supporting documentation was not maintained for private contributions received.

Current Status: In FY 2026, staff began to implement the recommendations in this audit by adequately organizing donations and documentation in the manner described.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENT FINDINGS

(Continued)

2023 Findings – Significant Deficiencies

2023-002 Maintaining Supporting Documentation for Expenditures

Condition: Adequate supporting documentation was not maintained for expenditures.

Current Status: Corrective Action Taken.

2023-003 Bank Reconciliation

Condition: Unclear items on bank reconciliations are not being appropriately followed up on by management.

Current Status: Corrective action taken. The bank reconciliation has been reconciled to a consistent variance of $100,130 and will be written off and corrected in APSCN prior to FY27.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024 Findings – Material Weaknesses

Education Stabilization Fund: Assistance Listing Numbers 84.425D and 84.425U
US Department of Education Passed Through Arkansas Department of Education

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2024-004 Review and Approval of Expenditures and Maintaining Supporting Documentation

Condition: Supporting documentation for expenditures paid from the Education Stabilization Fund did not contain evidence of appropriate review and approval performed. Additional support documentation was not maintained for all expenditures.

Current Status: See Finding 2025-003. Recommendations were completed by the targeted date of May 30, 2025, with the exception of Avid integration and adequate coding in eFinance for Federal funds tracking. Lack of adequate training and other issues prevented an integration of Avid. However, a PO system and finance support were put into place to correct.

2024-005 Maintenance of Time Certifications

Condition: Time certifications that support salaries and wages charged to the Education Stabilization program were not maintained.

Current Status: See Finding 2025-005. As recommended, all corrective actions were completed in FY 2026.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2023 Finding – Material Weakness

Education Stabilization Fund: Assistance Listing Numbers 84.425D and 84.425U
US Department of Education Passed Through Arkansas Department of Education

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2023-004 Maintaining Supporting Documentation for Expenditures of Federal Awards

Condition: Lack of adequate supporting documentation for expenditures of federal awards.

Current Status: See Finding 2025-003. The School has made personnel and policy changes and has put in place a purchase order process of approval that documents expenditures in compliance with audit regulations. The School has also made coding corrections and implemented proper controls over program expenditures.

2024 Findings – SIGNIFICANT DEFICIENCIES

Title I, Part A – Grants to Local Education Agencies: Assistance Listing Numbers 84.010
US Department of Education Passed through Arkansas Department of Education

2024-006 Maintenance and Review and Approval of Time Certifications

Condition: Time certifications that support salaries and wages charged to Title I, Part A were not maintained for all employees. Of the time certifications maintained, not all showed evidence of review and approval performed.

Current Status: See Finding 2025-001. As recommended, all corrective actions were completed in FY 2025 and are also being used for FY 2026. Time certifications have been maintained, reviewed, and approved for all employees funded through Title I, Part A in FY25 and FY26.

Education Stabilization Fund: Assistance Listing Numbers 84.425D and 84.425U
US Department of Education Passed through Arkansas Department of Education

2024-007 Maintenance of Property Records

Condition: Property records for equipment acquired under the Education Stabilization Fund program were not maintained.

Current Status: See Finding 2025-002. As recommended, corrective actions were begun in FY 2025.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2024 Findings – SIGNIFICANT DEFICIENCIES (continued)

Education Stabilization Fund: Assistance Listing Numbers 84.425D and 84.425U
US Department of Education Passed through Arkansas Department of Education

2024-008 Physical Inventory of Property

Condition: A physical inventory of property was not performed within the last two years.

Current Status: See Finding 2025-002. As recommended, corrective actions were begun in FY 2025.

2024-009 Improper Allocation of Salaries and Wages

Title I, Part A – Grants to Local Education Agencies: Assistance Listing Number 84.010
US Department of Education Passed Through the Arkansas Department of Education

Condition: The allocation of salaries and wages charged to Title I, Part A program for employees tested was not accurate per supporting documentation of time certifications.

Current Status: See Finding 2025-001. As recommended, corrective actions were put into place in FY 2025 and remain so in FY 2026.

2024-010 Assessment System Security

Condition: Management was unable to provide evidence of formal policies and procedures governing test security of the administration of assessments.

Current Status: As recommended, corrective actions were begun and completed in FY 2025.

2024–011 Allocation of Funds to Eligible Schools

Condition: Management was unable to provide sufficient documentation evidencing the proper allocation of funds in accordance with federal ranking and allocation requirements.

Current Status: In FY 2026, the FGMS systematically blocks any distribution that deviates from federal parameters, ensuring all funds are allocated correctly and documented automatically.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2023 Findings – SIGNIFICANT DEFICIENCIES

Education Stabilization Fund: Assistance Listing Numbers 84.425D and 84.425U
US Department of Education Passed through Arkansas Department of Education

2023-005 Maintenance of Property Records

Condition: Property records for equipment acquired under the Education Stabilization Fund program were not maintained.

Current Status: As recommended, corrective actions were begun in FY 2025.

2023-006 Physical Inventory of Property

Condition: A physical inventory of property was not performed within the last two years.

Current Status: As recommended, corrective actions were begun in FY 2025.

2023-007 Improper Allocation of Salaries and Wages

Condition: The allocation of salaries and wages charged to the Education Stabilization program for employees tested was not accurate per supporting documentation of time certifications.

Current Status: See Finding 2025-005. As recommended, all corrective actions were completed in FY 2026.

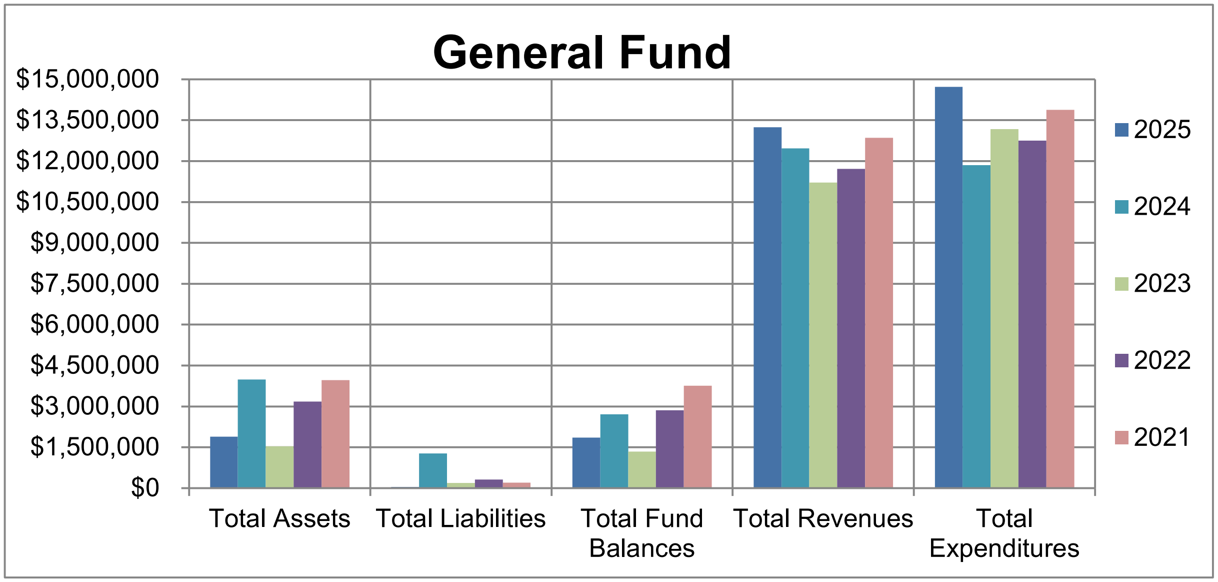
2023-008 Review and Approval of Time Certifications

Condition: Time certifications and timesheets that support salaries and wages charged to the Education Stabilization program showed no evidence of review and approval performed.

Current Status: See Finding 2025-005. As recommended, all corrective actions were completed in FY 2026.

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

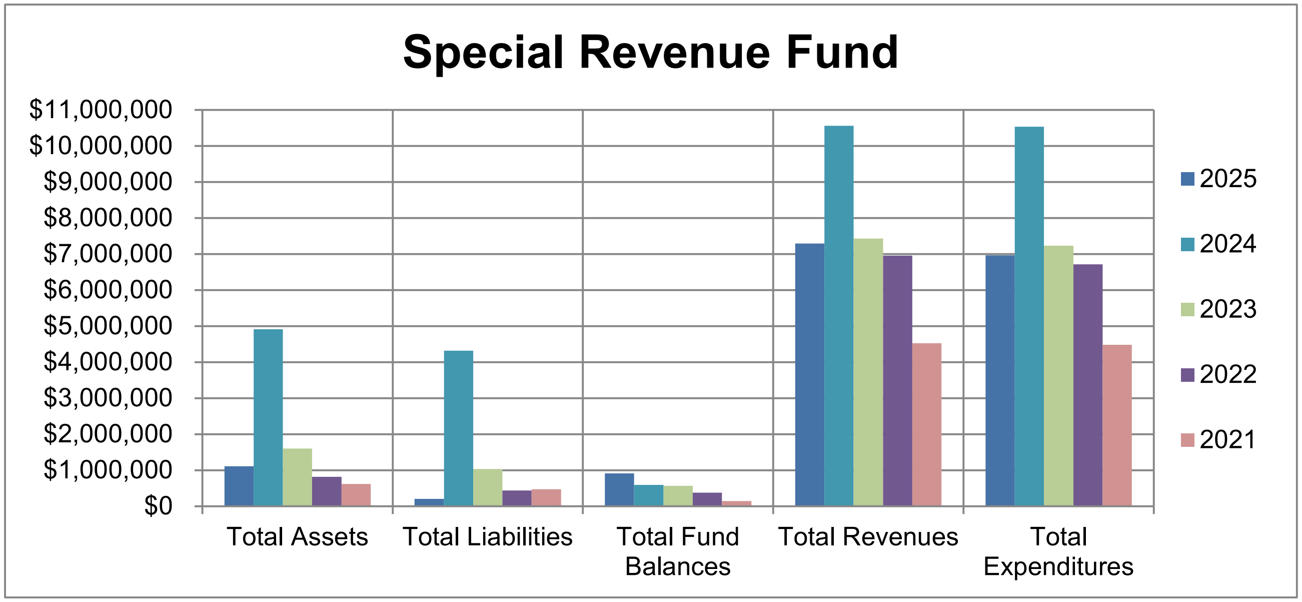
	Year Ended June 30,				
General Fund	2025	2024	2023	2022	2021
Total Assets	$ 1,893,571	$ 3,989,730	$ 1,531,376	$ 3,173,914	$ 3,958,637
Total Liabilities	43,980	1,276,097	186,299	315,412	197,510
Total Fund Balances	1,849,591	2,713,633	1,345,077	2,858,502	3,761,127
Total Revenues	13,244,729	12,464,793	11,209,112	11,714,430	12,858,715
Total Expenditures	14,729,097	11,852,358	13,169,747	12,753,305	13,878,453
Total Other Financing Sources (Uses)	636,624	756,121	447,210	136,250	277,636



Schedule 5

KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

	Year Ended June 30,				
Special Revenue Fund	2025	2024	2023	2022	2021
Total Assets	$ 1,113,440	$ 4,909,725	$ 1,603,854	$ 817,416	$ 622,190
Total Liabilities	201,386	4,318,156	1,035,970	437,577	475,663
Total Fund Balances	912,054	591,569	567,884	379,839	146,527
Total Revenues	7,292,550	10,556,633	7,429,772	6,957,671	4,524,072
Total Expenditures	6,967,143	10,532,948	7,229,448	6,713,109	4,484,767
Total Other Financing Sources (Uses)			(12,279)	(11,250)	



KIPP DELTA PUBLIC SCHOOLS
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 5

	Year Ended June 30,				
Other Aggregate Funds	2025	2024	2023	2022	2021
Total Assets	$ 57,272	$ 173,598	$ 151,996	$ 677,011	$ 694,486
Total Liabilities	21,654	160,177	151,996	130,742	137,883
Total Fund Balances	35,618	13,421		546,269	556,603
Total Revenues	502,271	521,651	282,974	632,707	585,497
Total Expenditures	480,074	502,109	474,645	643,041	604,660
Total Other Financing Sources (Uses)		(6,121)	(354,598)		(78,434)