SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

with

INDEPENDENT AUDITORS' REPORT

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
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JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ScholarMade Achievement Place of Arkansas, Inc.

Report on the Audit of the Financial Statements

Opinion

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ScholarMade Achievement Place of Arkansas, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter 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 an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Information

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

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis financial statements, or the other information otherwise appears to be material misstated. If, based on the work performed, I 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 March 15, 2026, on 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
March 15, 2026

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
June 30, 2025

	Governmental Funds		
	Major		
	General Revenue	Special Revenue	Other Aggregate
ASSETS			
Cash and cash equivalents	$ 294,550	$ 119,913	$ -
Accounts receivable	-	116	35,068
Due from other funds	35,068	-	-
Total Assets	$ 329,618	$ 120,029	$ 35,068
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	$ 109,519	$ 5,987	$ -
Due to other funds	-	-	35,068
Due to student groups	-	-	-
Total Liabilities	109,519	5,987	35,068
Fund Balances			
Restricted	37,874	114,042	-
Assigned	776	-	-
Unassigned	181,449	-	-
Total Fund Balances	220,099	114,042	-
Total Liabilities and Fund Balances	$ 329,618	$ 120,029	$ 35,068

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED JUNE 30, 2025

	Major		
	General Revenue	Special Revenue	Other Aggregate
REVENUES			
State assistance	$ 3,649,753	$ 1,646	$ 166,563
Federal assistance	-	870,905	-
Meal sales	-	-	-
Activity revenue	1,776	-	-
Other revenues	41,323	-	-
Total Revenues	3,692,852	872,551	166,563
EXPENDITURES			
Current:			
Regular programs	1,707,714	-	-
Special education	-	44,818	-
Compensatory education	95,995	-	-
Other instructional programs	-	-	-
Support services - students	256,631	-	-
Support services - instructional staff	264,732	469,536	-
Support services - general administration	536,821	-	-
Support services - school administration	209,062	-	-
Support services - business services	114,220	-	-
Support services - M & O	627,135	-	215,900
Student transporation services	100,625	-	-
Food services operations	-	340,240	-
Activity expenditures	1,000	-	-
Non-programmed costs	1,080	-	-
Total Expenditures	3,915,015	854,594	215,900
Excess (deficiency) of revenue over expenditures	(222,163)	17,957	(49,337)
FUND BALANCE - BEGINNING OF YEAR	442,262	96,085	49,337
FUND BALANCE - END OF YEAR	$ 220,099	$ 114,042	$ -

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
YEAR ENDED JUNE 30, 2025

	General Revenue			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	$ 3,647,806	$ 3,649,753	$ 1,947	$ -	$ 1,646	$ 1,646
Federal assistance	-	-	-	1,006,324	870,905	(135,419)
Meal sales	-	-	-	-	-	-
Activity revenue	-	1,776	1,776	-	-	-
Other revenues	-	41,323	41,323	-	-	-
Total Revenues	3,647,806	3,692,852	45,046	1,006,324	872,551	(133,773)
EXPENDITURES						
Current:						
Regular programs	1,689,322	1,707,714	(18,392)	-		-
Special education	18,898	-	18,898	70,312	44,818	25,494
Compensatory education	78,526	95,995	(17,469)	51,200	-	51,200
Other instructional programs	2,000	-	2,000	-	-	-
Support services - students	307,618	256,631	50,987	8,660	-	8,660
Support services - instructional staff	261,173	264,732	(3,559)	416,832	469,536	(52,704)
Support services - general administration	525,238	536,821	(11,583)	-	-	-
Support services - school administration	204,854	209,062	(4,208)	-	-	-
Support services - central services	99,420	114,220	(14,800)	32,361	-	32,361
Support services - M & O	578,152	627,135	(48,983)	83,674	-	83,674
Student transportation services	112,940	100,625	12,315	-	-	-
Food services operations	-	-	-	347,394	340,240	7,154
Other Support	-	-	-	1,050	-	1,050
Activity expenditures	-	1,000	(1,000)			
Non-programmed costs	3,000	1,080	1,920	18,000	-	18,000
Total Expenditures	3,881,141	3,915,015	(33,874)	1,029,483	854,594	174,889
Excess (deficiency) of revenue over expenditures	(233,335)	(222,163)	11,172	(23,159)	17,957	41,116
FUND BALANCE - BEGINNING OF YEAR	442,262	442,262	-	96,085	96,085	-
FUND BALANCE - END OF YEAR	$ 208,927	$ 220,099	$ 11,172	$ 72,926	$ 114,042	$ 41,116

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In September 2017, the Arkansas Division of Elementary and Secondary Education granted charter status to ScholarMade Achievement Place of Arkansas, Inc. The Charter School is governed by the Board of Directors. ScholarMade Achievement Place of Arkansas, Inc. is a 501 (c) (3) nonprofit organization that develops and supports the operations of the public charter school. The Charter School is located in Little Rock, Arkansas and currently enrolls students in grades kindergarten through five.

Description of Funds

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

Major individual governmental funds (per regulatory basis) are reported as separate columns in the fund financial statements:

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

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

> *Capital Projects Fund -* The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to 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 are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

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

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

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

Revenue Recognition Policies

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

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. 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
Leasehold Improvements	Term of Lease
Vehicles & Equipment	5-20

Income Taxes

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

Fund Balance Classifications

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications (continued)

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

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

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 March 31 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.

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
Uninsured	164,462	355,763
Total Deposits	$ 414,463	$ 605,763

The account meets the definition for a noninterest-bearing demand deposit account. Cash deposits exceeded Federal Deposit Insurance Corporation limits at June 30, 2025.

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable balance of $35,184 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 $115,506 at June 30, 2025 was comprised of the following:

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Accounts Payable	$ 109,519	$ 5,987	$ -

NOTE 5: COMMITMENTS

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

<u>Operating Leases</u>

In August 2018, the Charter School entered into an operating lease for the Charter School's campus. This non-cancellable lease has scheduled annual payments equal to twelve percent of the school's per pupil revenue for each pupil that is enrolled for each year of the term of the lease. The lease term is for a period of five years with the option of extending the term of the lease. On June 2025, the lease was renewed with a termination date of June, 30, 2028, at which time the Charter School will have an option to purchase the building.

In March 2020, the Charter School entered into an operating lease with DD&F Building, LLC for an office building commencing May 1, 2020 for a period of one year with the option of extending the term of the lease. Rent payments for this lease equal $2,500 monthly.

Future minimum rental payments:

Year Ended June 30,	Amount
2026	$ 380,000
2027	380,000
2028	380,000

Rental payments for the operating leases described above were approximately $379,290 for the year ended June 30, 2025.

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 99.1% of total revenues were from state and federal sources for the year ending June 30, 2025. Additionally, the Charter School's received $41,323 from other school sources (.9% of total revenues).

NOTE 8: RETIREMENT PLANS

Arkansas Teacher Retirement System

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

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries, the maximum allowed by State law. The Charter School's contributions to ATRS for the year ended June 30, 2025 were $333,717, 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 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 $2,886,795.

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, paid on-behalf of the Charter School's employees, was $70,585 for the year ending 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 12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	$ 4,020	$ -	$ -
English Language Learners	2,196	-	-
Professional Learning Grant	11,934	-	-
PEER Grant	-	29,393	-
Medicaid	-	27,445	-
Child nutrition programs	-	55,054	-
Other	-	2,150	-
Special Education	19,724	-	-
Total Restricted	37,874	114,042	-
Assigned	776	-	-
Unassigned	181,449	-	-
Totals	$ 220,099	$ 114,042	$ -

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2026, the date which the financial statements were available for issue.

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
YEAR ENDED JUNE 30, 2025
(UNAUDITED)

	Balance June 30, 2025
DEPRECIABLE CAPITAL ASSETS:	
Vehicles & Equipment	$ 400,498
Total depreciable capital assets	400,498
LESS ACCUMULATED DEPRECIATION FOR:	
Vehicles & Equipment	255,497
Total accumulated depreciation	255,497
CAPITAL ASSETS, NET	$ 145,001

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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 AUDITORS' REPORT

To the Board of Trustees
ScholarMade Achievement Place of Arkansas, Inc.

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 ScholarMade Achievement Place of Arkansas, Inc. (the "Charter") 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 March 15, 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ScholarMade Achievement Place of Arkansas, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ScholarMade Achievement Place of Arkansas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness ScholarMade Achievement Place of Arkansas, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Jacobs & Company CPA's, PLLC

Jacksonville, Arkansas
March 15, 2026

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

Independent Auditors' Report

To the Board of Trustees
ScholarMade Achievement Place of Arkansas, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ScholarMade Achievement Place of Arkansas, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on ScholarMade Achievement Place of Arkansas, Inc.'s major federal program for the year ended June 30, 2025. ScholarMade Achievement Place of Arkansas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, ScholarMade Achievement Place of Arkansas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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 Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Charter 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 I 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.

Report on Internal Control over Compliance

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

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

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

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

Jacobs & Company CPA's, PLLC

Jacksonville, Arkansas
March 15, 2026

AUDITOR INFORMATION SHEET

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
2410 SOUTH BATTERY STREET
LITTLE ROCK, ARKANSAS 72206

TELEPHONE: (501) 404-0012
SUPERINTENDENT: DR. PHILLIS NICHOLS ANDERSON
CONTACT PERSON: CHRIS BELL
COMPLETE CONSULTING, INC.

LEAD AUDITOR:	LISA STEPHENS, CPA
FIRM NAME:	JACOBS & COMPANY CPAS, PLLC
ADDRESS:	1 CRESTVIEW PLAZA JACKSONVILLE, ARKANSAS
TELEPHONE:	(501) 286-6003
EMAIL:	lisa@lisastephenscpa.com
PROGRAM EXAMINED:	10.555 Child Nutrition Cluster

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
PULASKI COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	2105	127,104
National School Lunch Program	10.555	2105	199,323
Snack Reimbursement	10.555	2105	12,997
Total State Department of Education			339,424
TOTAL CHILD NUTRITION CLUSTER			339,424
SPECIAL EDUCATION CLUSTER (IDEA)			
U. S. Department of Education			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	2105	109,959
TOTAL SPECIAL EDUCATION CLUSTER			109,959
U. S. Department of Education			
Passed Through State Department of Education:			
Title I Grants - Local Educational Agencies	84.010	2105	399,223
Total U. S. Department of Education			399,223
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 848,606

The accompanying notes are an integral part of ths schedule.

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of ScholarMade Achievement Place of Arkansas, Inc. (the Charter School) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Charter School.

2. During the year ended June 30, 2025, the Charter School received Medicaid funding of $ 11,305 from the State Department of Human Services. Such payments are not considered Federal awards expended and therefore are not included in the above schedule.

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

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

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards
Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster

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

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

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2024

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Trustees
ScholarMade Achievement Place of Arkansas, Inc.
Jacksonville, Arkansas

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

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 our opinion, ScholarMade Achievement Place of Arkansas, Inc. compiled with the aforementioned requirements for the year ended June 30, 2025.

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

Jacobs & Company CPA's, PLLC

Jacksonville, Arkansas
March 15, 2026