ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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Daigrepont & Brian
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Arkansas Schools for Advanced Studies, Inc.

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major governmental fund and the aggregate remaining fund information of the School, as of June 30, 2025, and the respective regulatory budgetary comparison for the general and special revenue fund 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 the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the 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 adverse opinion on U.S. generally accepted accounting principals.

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

As described more fully in Note 1, the financial statements are prepared by the School in accordance with the accounting practices prescribed or permitted by Arkansas 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 financial reporting requirements of the State of Arkansas.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and the 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 School's ability to continue as a going concern for twelve months beyond the financial statements are available to be issued.

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 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 the 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 audits 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 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 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 as a whole. The Schedule of Capital Assets (Unaudited), which is the responsibility of management, is presented for purpose of additional analysis and in compliance with state statute and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, on our consideration of the 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 School 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 School's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with guidelines published by the Arkansas Department of Education, we have issued our report dated March 13, 2026, on management of the School's assertion that the Charter School complied with the requirements of Arkansas Code Annotated §6-1-101 and the applicable laws and regulations, included those listed in the schedule of statutes required to be addressed. The purpose of that report is solely to describe the scope of our testing of management's assertion of compliance with these requirements 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 the Arkansas Department of Education's audit requirements.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA
March 13, 2026

ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Governmental Funds		
	Major		
	General Fund	Special Fund	Other Fund
ASSETS			
Current Assets			
Cash	$ -	$ -	$ 81,127
Accounts Receivable	4,789	2,314	80,000
Total Current Assets	4,789	2,314	161,127
Other Assets			
Deposits	7,624	-	-
Total Other Assets	7,624	-	-
Total Assets	$ 12,413	$ 2,314	$ 161,127
LIABILITIES AND NET ASSETS			
Liabilities			
Checks written in excess of cash	$ 26,363	$ 2,314	$ -
Accounts payable	161,897	-	28,698
Accrued salaries and benefits	42,668	-	-
Total Current Liabilities	230,928	2,314	28,698
Fund Balances:			
Unassigned	(218,515)	-	132,429
Total Fund Balances	(218,515)	-	132,429
Total Liabilities and Fund Balances	$ 12,413	$ 2,314	$ 161,127

See accompanying notes and independent auditors' report.

ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Funds		
	Major		
	General Fund	Special Fund	Other Fund
REVENUES			
State Public School Funding	$ 749,374	$ 26,653	$ -
Federal Grants	-	640,837	-
Private Grants & Contributions	108,780	-	737,004
Other	438	-	14,943
Total Revenues	858,592	667,490	751,947
EXPENDITURES			
Salaries	1,179,181	-	48,495
Payroll Taxes	88,390	-	1,729
Employee Benefits	229,674	-	7,665
Curriculum & Assessment	5,858	401,658	116,624
Equipment, Furniture, and Software	19,740	128,767	45,426
Insurance	67,973	-	869
Technical & Professional	410,377	25,285	129,528
Rent	94,690	-	6,255
Repairs & Maintenance	21,108	-	25,391
Security	59,482	-	-
Supplies	20,795	11,780	49,167
Utilities	55,310	-	1,047
Other	5,011	-	10,736
Advertising	99,158	100,000	153,579
Travel	52,844	-	24,523
Total Expenses	2,409,591	667,490	621,034
Excess (deficiency) of revenue over expenditures	(1,550,999)	-	130,913
Other Financing Sources			
Transfers in (out)	(1,516)	-	1,516
Proceeds from management company debt	710,000	-	-
Proceeds from related party debt	624,000	-	-
Total Other Financing Sources	1,332,484	-	1,516
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(218,515)	-	132,429
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	$ (218,515)	$ -	$ 132,429

See accompanying notes and independent auditors' report.

ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	General Revenue			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State Public School Funding	$ 1,249,767	$ 749,374	$ (500,393)	$ -	$ 26,653	$ 26,653
Federal Grants	-	-	-	527,023	640,837	113,814
Private Grants & Contributions	1,291,295	108,780	(1,182,515)	-	-	-
Other	63,606	438	(63,168)	-	-	-
Total Revenues	2,604,668	858,592	(1,746,076)	527,023	667,490	140,467
EXPENDITURES						
Salaries	1,302,982	1,179,181	123,801	-	-	-
Payroll Taxes	91,209	88,390	2,819	-	-	-
Employee Benefits	178,215	229,674	(51,459)	-	-	-
Curriculum & Assessment	106,185	5,858	100,327	240,500	401,658	(161,158)
Equipment, Furniture, and Software	36,905	19,740	17,165	-	128,767	(128,767)
Insurance	67,973	67,973	-	-	-	-
Technical & Professional	220,054	410,377	(190,323)	20,000	25,285	(5,285)
Rent	142,892	94,690	48,202	-	-	-
Repairs & Maintenance	37,422	21,108	16,314	-	-	-
Security	3,466	59,482	(56,016)	-	-	-
Supplies	65,232	20,795	44,437	17,500	11,780	5,720
Utilities	65,880	55,310	10,570	-	-	-
Other	2,266	5,011	(2,745)	-	-	-
Advertising	122,250	99,158	23,092	-	100,000	(100,000)
Travel	-	52,844	(52,844)	-	-	-
Total Expenses	2,442,931	2,409,591	33,340	278,000	667,490	(389,490)
Excess (deficiency) of revenue over expenditures	161,737	(1,550,999)	(1,712,736)	249,023	-	(249,023)
Other Financing Sources						
Transfers out	-	(1,516)	(1,516)	-	-	-
Proceeds from management company debt	-	710,000	710,000	-	-	-
Proceeds from related party debt	-	624,000	624,000	-	-	-
Total Other Financing Sources	-	1,332,484	1,332,484	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	161,737	(218,515)	(56,778)	249,023	-	(249,023)
Fund Balance - Beginning of Year	-	-	-	-	-	-
Fund Balance - End of Year	$ 161,737	$ (218,515)	$ (380,252)	$ 249,023	$ -	$ (249,023)

See accompanying notes and independent auditors' report.

1. Summary of Significant Accounting Policies

(a) Reporting Entity

In May 2024, the Arkansas State Board of Education granted charter status to Arkansas Schools for Advanced Studies, Inc. creating the Arkansas Schools for Advanced Studies (the Charter School). The Charter School is an Arkansas nonprofit corporation and its single member is BASIS Charter Schools, Inc. (BCSI) (an Arizona nonprofit corporation). BCSI appoints the chairman of the Charter School board. The governing body of the Charter School is the Board of Directors, which is comprised of 5 members. The Charter School is managed by Polymath Educational Management Company. Polymath Educational Management Company is an education management organization that designs and operates charter schools within Northwestern Arkansas. The Charter School is located in Rogers, Arkansas.

(b) 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 governmental funds are reported as separate columns in the fund financial statements.

General Fund - is the Charter School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund - Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and the related expenditures, restricted for specific educational programs or projects, including the Charter School's food services operations. The Special Revenue Fund also includes required matching for those federal programs, and transfers from the general fund to supplement such programs.

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

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

(c) Revenue Recognition

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

1. Summary of Significant Accounting Policies (continued)

(d) Measurement Focus and Basis of Accounting

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

(e) 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.

1. Summary of Significant Accounting Policies (continued)

(e) Capital Assets (Continued)

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

Asset Class	Estimated Useful Life in Years
Leasehold Improvements	Life of the lease
Equipment	5-10
Improvements/Infrastructure	20
Buildings	50

(f) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes.* Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

(g) Interfund Balances and Transactions

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

(h) Budget and Budgetary Accounting

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

(i) Advertising Costs

The Charter School expenses advertising costs in the year they are incurred.

(j) 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 require the fund balance amounts to be reported within one of the following fund balance categories:

1. Summary of Significant Accounting Policies (continued)

(j) Fund Balance Classifications (Continued)

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

Restricted Fund Balance - represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) extremely 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.

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

Assigned Fund Balance - represents amounts that are constrained by the Charter School's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance - represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

(k) 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.

2. 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 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.

3. 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)	$ 52,450	$ 88,416
Collateralized:		
Collateral held by the Charter's agent, pledging bank or pledging Bank's trust department or Agent in the Charter's name	-	-
Total Deposits	$ 52,450	$ 88,416

4. Retirement Plans

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

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 was $263,376, equal to the required contributions for the year.

Net Pension Liability: The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Government Accounting Standards Board Statement No. 68 would be limited to disclosure of the Charter School's proportionate share of the collective net pension liability. The Charter School has no proportionate share of the collective net pension liability at June 30, 2025 (actuarial valuation date and measurement date) as all balances due were paid before year end.

5. On-Behalf Payments

The allocation of the health insurance premiums by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the Charter School's employees, total $34,472 for the year ended June 30, 2025.

6. Commitments & Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grant will not result in any disallowed costs.

7. Details of Governmental Fund Balance Classifications Displayed in the Aggregate

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Unassigned	$ (218,515)	-	$ 132,429
Totals	$ (218,515)	$ -	$ 132,429

As of June 30, 2025, the School reported no restricted fund balance within any governmental fund.

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, 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.

9. Related Parties

BCSI shares an Executive Director and has a common board member with the Charter School. The Charter School and BCSI appoints the chairman of the Charter School's Board of Directors. The Charter School and BCSI collaborate on projects to minimize costs and administrative burden. In the normal course of their operations payables and receivables are incurred between these entities.

10. Services Agreement

Arkansas Schools for Advanced Studies, Inc entered into a Services Agreement with BASIS Educational Group, LLC d/b/a Polymath Educational Management Company (PEMCO) effective July 1, 2025. Under the terms of the Services Agreement, PEMCO provides charter management and administrative services to The Charter School, and management fees are paid to BASIS Ed based on a percentage of certain revenue. For the year ended June 30, 2025, Arkansas Schools for Advanced Studies incurred expenses totaling $289,209 related to management and recruiting fees.

11. Notes Payable

During the year ended June 30, 2025, the Charter School received financing from two organizations to support cash flow needs in its first year of operations. The loans bear no stated interest, have no fixed repayment schedules, and are payable on demand. Balances outstanding at June 30, 2025 were as follows:

BASIS Charter Schools, Inc. (BCSI)	$ 624,000
PEMCO	710,000
	$ 1,334,000

Due to the parent/subsidiary relationship with BCSI, interest was not imputed on the BCSI loan. For the PEMCO loan, the Charter School recorded imputed interest of $4,548 for the year ended June 30, 2025. The imputed interest is presented in the statement of revenues, expenditures, and changes in fund balances - governmental funds - regulatory basis as interest expense and contributions.

Both notes are payable on demand and lack stated repayment terms.

12. Subsequent Events

In preparing these financial statements, the Charter School has evaluated events and transactions for potential recognition or disclosure through March 13, 2026, which is the date the financial statements were available to be issued.

Daigrepont & Brian
Certified Public Accountants

INDEPENDENT AUDITORS' 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*

To the Board of Directors
Arkansas School of Advanced Studies, Inc.
Rogers, AR

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, the financial statements of Arkansas School of Advanced Studies, Inc. (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 opinion on the 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 entity'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School'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 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA
March 13, 2026

ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

We have audited the financial statements of Arkansas School for Advanced Studies, Inc. (a non-profit organization), as of June 30, 2025 and for the year ended, and have issued our report thereon dated March 13, 2026. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Charter School's financial statements are prepared using a regulatory basis of accounting prescribed by the Arkansas Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Summary of Auditors' Reports

Type of auditors' report issued:	
Regulatory Basis	Unmodified
U.S. GAAP	Adverse
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Identified
Noncompliance material to financial statements noted?	No

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2025.

ARKANSAS SCHOOLS FOR ADVANCED STUDIES, INC.
SCHEDULE OF CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS		
Equipment, Furniture, & Software	$	138,818
TOTAL CAPITAL ASSETS		138,818
Less: Accumulated Depreciation		
Equipment, Furniture, & Software		8,314
Total Accumulated Depreciation		8,314
TOTAL CAPITAL ASSETS, NET	$	130,504

See accompanying notes and independent auditors' report.

Daigrepont & Brian
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Directors
Arkansas Schools for Advanced Studies

We have examined management's assertions that Arkansas Schools for Advanced Studies substantially complied with the requirements of the 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Charter School's compliance with specified requirements.

In our opinion, Arkansas Schools for Advanced Studies, Inc. complied with the aforementioned requirements for the year ended June 30, 2025.

The 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.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC
Baton Rouge, LA
March 13, 2026

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Arkansas Department of Education
STATUTES TO BE ADDRESSED IN AUDIT LETTER ON STATE COMPLIANCE
FISCAL YEAR 2024 - 2025

DESCRIPTION	STATUTES
Bidding & Purchasing Commodities	6-21-301 – 6-21-305; 6-13-628
Ethical Guidelines and Prohibitions	6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	
• School Debt	6-20-402
• District School Bonds	6-20-1201-6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Investment of Funds	19-1-504
Management of Schools	
• Board of Directors	6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-13-622
• District Treasurer	6-13-701
• Warrants/checks	6-17-918 – 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
Classified Employees	6-17-2201 et seq.; 6-17-2301 et seq
School Elections	6-13-630; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• Personnel Policies	6-17-201 et seq., 6-17-2301 et seq.
• Employment and Assignment	6-17-301 et seq.
• Teacher Licensure/Background Checks	6-17-401 et seq.
• Teacher Contracts	6-17-801 et. seq.
• Employee Sick Leave	6-17-1201 et seq.; 6-17-1301 et seq.
• Minimum Wage Act	11-4-213, 11-4-218, 11-4-403, 11-4-405
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907 – 6-17-908; 6-17-911 – 6-17-913; 6-17-918 – 6-17-919; 6-17-2401 et seq.
Education Excellence Trust Fund	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
School District Procurement Law	6-21-301 et. seq.; 19-11-206; 19-11-249
Fiscal Accountability	6-20-1901, et. seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
CARES Act (COVID-19) Education Funding	https://dese.ade.arkansas.gov/Offices/Federal-Programs/federal-programs/cares-act-crrsa-act-and-american-rescue-plan-arp-act
Charter Facilities Funding	6-23-908

Pursuant to the Division of Elementary and Secondary Education Rules Governing Publicly Funded Educational Institution Audit Requirements, a private independent audit not conducted by Legislative Audit shall include at a minimum: review, and comments, and findings on substantial compliance with the above-mentioned law.

The Annual Financial Report shall be presented pursuant to all financial statement requirements under state or federal law. The financial statement presentation shall comply with Arkansas Codes §§ 6-1-101 et seq. and 10-4-413(c), with GASB 84, 87, 90, 93, 96, 100, 102 and with Implementation Guides 2019-1 and 2019-2, as applicable.

The financial statement presentation should adhere to the division's Rules Governing the Regulatory Basis of Accounting and Rules Governing Publicly Funded Educational Institution Audit Requirements, as applicable.

Revised: September 5, 2025