ACADEMIES OF MATH & SCIENCE

AMS Schools – Arkansas, Inc.

Regulatory Basis Financial Statements
and
Supplementary Information
June 30, 2025

(With Independent Auditor’s Reports Thereon)

AMS Schools – Arkansas, Inc.

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LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
AMS Schools – Arkansas, Inc.
Little Rock, Arkansas

Report on the Financial Statements

Opinions

We have audited the financial statements of each major governmental fund of the charter school known as **AMS Schools – Arkansas, Inc.** (the School), as of and for the year ended 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 Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund of the School as of June 30, 2025, and their respective regulatory basis changes in financial position and the respective regulatory basis budgetary comparison for each major governmental fund for the year then ended in accordance with the financial reporting provisions of Arkansas Code Annotated §10-4-413(c) as provided in Act 2201 of 2005, as 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 School as of June 30, 2025, or the changes in its 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 G*overnment Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 to the financial statements, the financial statements are prepared by the School on the basis of the financial reporting provisions of Arkansas Code Annotated §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.

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The Board of Directors
AMS Schools – Arkansas, Inc.

Basis for Opinion (Continued)

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

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 the financial statements in accordance with the financial reporting provisions of Arkansas Code Annotated §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 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 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.

The Board of Directors
AMS Schools – Arkansas, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The schedule of capital assets, which is the responsibility of management, is presented for the 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 regulatory basis financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 the purpose of additional analysis and is not a required part of the regulatory basis financial statements. The schedule of expenditures of federal awards 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 basis financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 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 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.

Landmark PLC

Little Rock, Arkansas
March 27, 2026

Financial Statements

AMS Schools – Arkansas, Inc.

Balance Sheet – Regulatory Basis
June 30, 2025

	Governmental Funds	
	Major	
	General	Special Revenue
ASSETS		
Cash	$ 844,942	$ -
Accounts receivable	72,752	447,191
Due from special revenue fund	447,191	-
Prepaids	92,586	-
TOTAL ASSETS	$ 1,457,471	$ 447,191
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to general fund	$ -	$ 447,191
Due to related party, net	437,371	-
Total Liabilities	437,371	447,191
Fund Balances		
Unassigned	1,020,100	-
Total Fund Balances	1,020,100	-
TOTAL LIABILITIES AND FUND BALANCES	$ 1,457,471	$ 447,191

See accompanying notes to financial statements.

AMS Schools – Arkansas, 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	Special Revenue
REVENUES		
State assistance	$ 4,550,607	$ 3,504
Federal assistance	-	1,895,757
Meal sales	-	19,717
Private assistance	65,208	-
Total Revenues	4,615,815	1,918,978
EXPENDITURES		
Instructional services	1,028,736	1,270,733
Instructional support services	20,682	122,517
Student support services	209,204	31,419
School administration	571,261	-
General administration	3,946	-
Central services	129,564	238,630
Operation and maintenance of plant	1,780,410	-
Food services	-	264,194
Acquisitions and Construction	1,975	-
Total Expenditures	3,745,778	1,927,493
EXCESS OF REVENUES OVER EXPENDITURES (EXCESS OF EXPENDITURES OVER REVENUES)	870,037	(8,515)
OTHER FINANCING SOURCES		
Operating transfer to food service	(8,515)	8,515
NET CHANGE IN FUND BALANCES	861,522	-
FUND BALANCES - BEGINNING OF YEAR	158,578	-
FUND BALANCES - END OF YEAR	$ 1,020,100	$ -

See accompanying notes to financial statements.

AMS Schools – Arkansas, Inc.

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

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	$ 4,455,189	$ 4,550,607	$ 95,418	$ 1,531	$ 3,504	$ 1,973
Federal assistance	-	-	-	1,905,399	1,895,757	(9,642)
Meal sales	-	-	-	-	19,717	19,717
Private assistance	20,000	65,208	45,208	-	-	-
Total Revenues	4,475,189	4,615,815	140,626	1,906,930	1,918,978	12,048
EXPENDITURES						
Instructional services	1,868,736	1,028,736	840,000	451,093	1,270,733	(819,640)
Instructional support services	172,773	20,682	152,091	39,400	122,517	(83,117)
Student support services	79,150	209,204	(130,054)	31,419	31,419	-
School administration	20,500	571,261	(550,761)	-	-	-
General administration	31,388	3,946	27,442	-	-	-
Central services	649,059	129,564	519,495	-	238,630	(238,630)
Operation and maintenance of plant	1,451,614	1,780,410	(328,796)	-	-	-
Food services	-	-	-	-	264,194	(264,194)
Acquisitions and construction	-	1,975	(1,975)	-	-	-
Total Expenditures	4,273,220	3,745,778	527,442	521,912	1,927,493	(1,405,581)
EXCESS OF REVENUES OVER EXPENDITURES (EXCESS OF EXPENDITURES OVER REVENUES)	201,969	870,037	668,068	1,385,018	(8,515)	(1,393,533)
OTHER FINANCING SOURCES						
Operating transfer to food service	-	(8,515)	(8,515)	-	8,515	8,515
Total Other Financing Sources	-	(8,515)	(8,515)	-	8,515	8,515
NET CHANGE IN FUND BALANCES	201,969	861,522	659,553	1,385,018	-	(1,385,018)
FUND BALANCES - BEGINNING OF YEAR	158,578	158,578	-	-	-	-
FUND BALANCES - END OF YEAR	$ 360,547	$ 1,020,100	$ 659,553	$ 1,385,018	$ -	$ (1,385,018)

See accompanying notes to financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

AMS Schools – Arkansas, Inc. (the School) operates as an open-enrollment public charter school under the Arkansas Department of Education (ADE) Rules and Regulations Governing Charter Schools and provides educational opportunities for students in kindergarten through eighth grade. The School opened in the 2024–2025 academic year and is authorized by the Arkansas State Board of Education (the State Board). The charter currently caps enrollment at approximately 600 students, with plans for gradual growth as approved by the State Board. The School is part of the Academies of Math & Science network, which has a long-standing history of operating high-performing charter schools in other states.

The School is affiliated with AMS Properties-Arkansas, LLC (the Facilities Entity), a separate legal entity that provides the School's physical location and related infrastructure. While the School and the Facilities Entity share certain governance and operational resources, they maintain separate legal identities. These financial statements include only those balances and transactions directly attributable to the School and do not encompass the financial position or results of operations of the Facilities Entity.

Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Arkansas Code Annotated §10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, at a minimum, the general fund and special revenue fund presented separately and all other funds, if any, presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet - regulatory basis; a statement of revenues, expenditures and changes in fund balances - regulatory basis; 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 shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with U.S. generally accepted accounting principles (U.S. GAAP). U.S. GAAP require that basic financial statements present government-wide financial statements. Additionally, U.S. 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 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

Major governmental funds (per the RBA) are defined as the General Fund and the Special Revenue Fund, as described below:

General Fund – The General Fund is used to account for and report all financial resources and operating expenditures of the School 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 legally restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures which are restricted for specific educational programs or projects, including the School's food services operations.

The School had no other funds during the year ended June 30, 2025.

Revenue Recognition

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

Capital Assets

Capital assets are reported at historical cost or estimated historical cost, if actual historical cost 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 School maintains a threshold level of $1,000 for capitalizing assets.

Capital assets are depreciated using the straight-line method over their estimated useful lives, which range from three to twenty years. No salvage value is taken into consideration for purposes of calculating depreciation.

Interfund Balances and Transactions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances
Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance represents amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's governing body. Assigned fund balance represents amounts that are constrained by the 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 have not been restricted, committed or assigned to specific purposes within the general fund.

The School's highest level of decision-making authority is its Board of Directors. The establishment of amounts classified as committed fund balances and subsequent modifications to such balances are the result of formal actions taken by the School's Board of Directors through a resolution or adoption of board policy.

The School's revenues, expenditures and fund balances are tracked in the accounting system by source of funds. The fund balance of these sources of funds are combined to derive the School's total fund balance by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted funds. The School's policy is to use restricted fund balances first, then unassigned fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Budget and Budgetary Accounting
The School is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The School is generally not required to submit amended budgets during the fiscal year. The ADE's regulations allow for the cash basis or the modified accrual basis. 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.

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

Minimum Fund Balance Policies
The School's Board of Directors has not formally adopted a minimum fund balance policy.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with the RBA 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.

Encumbrances

The School does not utilize encumbrance accounting.

NOTE 2: CASH

The School's cash consists of demand deposits maintained at multiple financial institutions. State statutes require that the School's funds be deposited in banks located in the State and that all deposit balances in excess of Federal Deposit Insurance Corporation insurance limits be collateralized. At June 30, 2025, the bank balances of the School's demand deposit accounts maintained at financial institutions totaled $845,261, of which $374,060 was not insured or collateralized.

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable balances at June 30, 2025 were comprised of the following:

	Governmental Funds		
	Major		
Description	**General**	**Special Revenue**	**Total**
Federal assistance	$ -	$ 447,191	$ 447,191
State assistance	72,752	-	72,752
Totals	$ 72,752	$ 447,191	$ 519,943

NOTE 4: COMMITMENTS

Certain equipment and facilities are leased under noncancelable financing lease agreements with terms in excess of one year. Approximate future minimum lease payments, by fiscal year, under such leases at June 30, 2025 are as follow:

2026	$ 1,991,036
2027	2,289,348
2028	2,321,550
2029	2,311,045
2030	2,309,065
2031-2035	11,555,500
2036-2040	11,550,110
2041-2045	11,559,900
2046-2050	11,554,180
2051-2055	11,555,060
2056-2059	11,563,695
Total	$ 80,560,489

Total occupancy rental expense for the year ended June 30, 2025, was approximately $1,559,000, which is net of $253,000 in credits.

NOTE 5: RELATED PARTY AGREEMENTS AND TRANSACTIONS

The School is affiliated with multiple entities through common governance and membership.

Facilities Lease Agreement – AMS Properties - Arkansas, LLC
The School entered into a Master Lease Agreement with AMS Properties - Arkansas, LLC (the "Facilities Entity") effective July 1, 2024, for the charter school. The lease is a triple-net lease, requiring the School to pay all taxes, insurance, and utilities in addition to base rent. For the year ended June 30, 2025, base rental payments totaled approximately $1,559,000.

National Support Services Agreement – AMS Schools - National, Inc.
Effective July 1, 2024, the School entered into a Services Agreement with AMS Schools - National, Inc. (AMSSN). Under this agreement, AMSSN provides comprehensive administrative and educational support, including curriculum development, technology support, and compliance services for which the School pays AMSSN an annual fee of $75,000. Additionally, the School leases instructional and supporting staff from AMSSN. For the year ended June 30, 2025, total payments made to AMSSN for instructional and supporting staff totaled approximately $2,149,000.

NOTE 5: RELATED PARTY AGREEMENTS AND TRANSACTIONS (CONTINUED)

Operational Management (CMO) – AMS Impact Group, LLC
The School's operational and business management services are supported by AMS Impact Group, LLC (the Charter Management Organization or "CMO"). The CMO provides financial management, accounting, and property maintenance oversight. For the year ended June 30, 2025, the School paid a $30,000 for these management services.

Due to/from Affiliates
The School may periodically provide or receive advances to and from these affiliated entities to manage operational cash flows. At June 30, 2025, the School had an outstanding balance due to the Facilities Entity of $437,371 for outstanding lease payments and reimbursement for expenditures incurred on behalf of the School.

During the year ended June 30, 2025, the School reimbursed an affiliated School $1,124,000 for furniture, equipment and supplies related to start up-costs for the School.

NOTE 6: RISK MANAGEMENT

The 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 students; and natural disasters. The School has purchased commercial insurance to address these risks.

The School purchases private commercial insurance to cover its exposure to workers' compensation claims. The commercial insurance carrier provides coverage for these claims subject to the policy's specified deductibles and limits.

There have been no significant reductions in the School's insurance coverage during the year ended June 30, 2025. In addition, there have been no settlements in excess of the School's coverage.

Required Supplementary Information

AMS Schools – Arkansas, Inc.

Schedule of Capital Assets
(Unaudited)
June 30, 2025

DEPRECIABLE CAPITAL ASSETS		
Furniture and equipment	$	820,188
Less accumulated depreciation		(14,701)
Total Depreciable Capital Assets, Net	$	805,487

See Independent Auditor's Report.

Other Reports and
Supplementary Information

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
AMS Schools – Arkansas, Inc.
Little Rock, Arkansas

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 and the fiduciary fund information of the charter school known as **AMS Schools – Arkansas, Inc. (the School)** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's regulatory basis financial statements, and have issued our report thereon dated March 27, 2026. We issued an adverse opinion because the School prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code Annotated §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. 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 fiduciary fund information of the 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 to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing the 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 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.

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The Board of Directors
AMS Schools – Arkansas, Inc.

Internal Control Over Financial Reporting *(Continued)*

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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's regulatory basis financial statements are free of 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 determination of regulatory basis 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

The School's Response to Findings

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

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governance Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Landmark PLC

Little Rock, Arkansas
March 27, 2026

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors
AMS Schools – Arkansas, Inc.
Little Rock, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **AMS Schools – Arkansas, Inc.'s (the School)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. The School'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, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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 our report.

We are required to be independent of the 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 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 School's federal programs.

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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 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 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 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 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 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 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. 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.

The Board of Directors
AMS Schools – Arkansas, Inc.

Report on Internal Control Over Compliance (Continued)

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Landmark PLC

Little Rock, Arkansas
March 27, 2026

AMS Schools – Arkansas, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass -Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
CHILD NUTRITION CLUSTER			
U.S. Department of Agriculture			
Passed Through Arkansas Department of Education:			
National School Lunch Program	10.555	3604770001	$ 255,679
Total Child Nutrition Cluster			255,679
SPECIAL EDUCATION CLUSTER (IDEA)			
U.S. Department of Education			
Passed Through Arkansas Department of Education:			
IDEA, Part B - Special Education - Grants to States	84.027	3604770001	109,689
Total Special Education Cluster (IDEA)			109,689
OTHER PROGRAMS			
U.S. Department of Education			
Passed Through Arkansas Department of Education:			
Title I, Part A - Grants to Local Educational Agencies	84.010	3604770001	340,146
Title II, Part A -Supporting Effective Instruction State Grant	84.367	3604770001	38,900
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	3604770001	24,564
Passed Through Arkansas Public Resource Center:			
Charter School Grant Program	84.282	U282A180006	1,150,000
Total Other Programs			1,553,610
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,918,978

See Independent Auditor's Report.

AMS Schools – Arkansas, Inc.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes federal grant activity of AMS Schools – Arkansas, Inc. (the 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 the 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 School, it is not intended to and does not present the financial position or changes in financial position of the School.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

10 Percent De Minimis Indirect Cost Rate

The School has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AMS Schools – Arkansas, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. The opinion expressed in the independent auditor's report on accounting principles generally accepted in the United States of America:

   ☐ Unmodified ☐ Qualified ☒ Adverse ☐ Disclaimer

   The opinions expressed in the independent auditor's report on the basis of accounting prescribed or permitted by the State of Arkansas:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

   ☒ Yes ☐ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?

   ☒ Yes ☐ No

7. The School's major programs were:
   - Department of Education, Charter School Grant Program, Federal Assistance Listing #84.282

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS *(Continued)*

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

9. The School qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☐ Yes ☒ No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

Finding 2025-001: Noncompliance with State Depository and Collateralization Laws

Criteria: Arkansas Code Annotated (A.C.A.) § 19-8-101 requires that all "public funds" (which include charter school funds) be deposited in banks located within the State of Arkansas. Furthermore, A.C.A. § 19-8-203 requires that all deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) be collateralized by the depository bank to ensure the safety of public funds.

Condition: During compliance testing with state laws and regulations, the auditor noted that the School maintained an operating account with a bank located outside of the State of Arkansas. Additionally, at June 30, 2025, the School's bank balances exceeded FDIC insurance limits by approximately $374,060, and the excess funds were not secured by a collateral pledge from the financial institution.

Cause: The School's current management and governance protocols did not sufficiently account for the specific Arkansas statutory requirements regarding "qualified depositories" for public funds.

Effect: By maintaining funds in an out-of-state bank and failing to ensure proper collateralization, the School is in violation of state law. Furthermore, the School's cash assets are exposed to custodial credit risk; in the event of a bank failure, the uninsured and uncollateralized balances could be unrecoverable.

Recommendation: We recommend that the School immediately transfer all public funds to a qualified depository bank located within the State of Arkansas. Management should also execute a formal collateral agreement with the bank to ensure that any balances exceeding the $250,000 FDIC limit are fully secured by pledged securities in accordance with state law.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

AMS Schools – Arkansas, Inc.

CORRECTIVE ACTION PLAN
As of and for the Year Ended June 30, 2025

Name of Auditee: AMS Schools – Arkansas, Inc.

Name of Audit Firm: Landmark PLC, Certified Public Accountants
Period Covered by Audit: For the Year Ended June 30, 2025

CAP Prepared by:
Name: Katherine Determan
Position: Chief Financial Officer

A. ***Current Findings on the Schedule of Findings, Questioned Costs and Recommendations***

FINDING 2025-001	**Noncompliance with State Depository and Collateralization Laws**
<u>Comments on Findings and Recommendations</u>	The management agent concurs with the auditor's findings and recommendations.
<u>Actions Taken or Planned</u>	Management is updating its banking policies to ensure all depository accounts are maintained within the State of Arkansas and that balances exceeding FDIC insurance limits are fully collateralized in accordance with Arkansas Code.

B. ***Status of Corrective Actions on Findings Reported in the Prior Audit Schedule of Findings, Questioned Costs and Recommendations***

N/A

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH ARKANSAS STATE REQUIREMENTS

The Board of Directors
AMS Schools – Arkansas, Inc.
Little Rock, Arkansas

We have examined management's assertions that **AMS Schools – Arkansas, Inc. (the School)** substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2025. Management is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on the School's compliance based on our examination.

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

Our examination disclosed the following noncompliance with the requirements of Arkansas Code Annotated 6-1-101 and the Arkansas Department of Education during the year ended June 30, 2025:

> **Collateralization of Funds**: The School maintained cash balances in excess of FDIC insurance limits that were not fully collateralized by the financial institution as required by state law.
>
> **Location of Accounts**: The School maintained a depository account with a financial institution located outside the state of Arkansas, which is not in accordance with prescribed state regulations for charter school funds.

In our opinion, except for the noncompliance described in the preceding paragraph, the School complied, in all material respects, 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 directors, 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.

Landmark PLC

Little Rock, Arkansas
March 27, 2026

Landmark PLC, Certified Public Accountants
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