

LISA ACADEMY
REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2021
with
INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the School Board Members
LISA Academy
Little Rock, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of LISA Academy (the "School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions prescribed by the Arkansas Code Ann. § 10-4-413(c) as provided in Act 867 of 2019, which is described in Note 1. 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 more fully in Note 1, the School has prepared the financial statements using financial reporting practices prescribed by Arkansas Code Ann. § 10-4-413(c) as provided in Act 867 of 2019, 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 described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

To the Board of Education
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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 in the first paragraph 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, 2021, or the respective changes in its financial position for the year then ended. Further, the School has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the School, as of June 30, 2021, and the respective changes in financial position and budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 867 of 2019, described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The Schedule of Capital Assets, Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Assistance, and the supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, and Schedule of State Assistance are the responsibility of management and were derived from and relate directly to the underlying account and other records used to prepare the regulatory basis financial statements. Such 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, Schedule of Expenditures of Federal Awards, and Schedule of State Assistance are fairly stated in all material respects in relation to the regulatory basis financial statements taken as a whole.

The Schedule of Capital Assets and supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines have 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 them.

To the Board of Education
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022 on our consideration of the School's internal control over financial reporting and our tests 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 our 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 School's internal control over financial reporting and compliance.

HCS CPAs & Advisors PLLC

Little Rock, Arkansas
May 27, 2022

FINANCIAL STATEMENTS

LISA ACADEMY

BALANCE SHEET – REGULATORY BASIS

JUNE 30, 2021

| | Major | | |
|---------------------------------------|-------------------------|----------------------------|-----------------------------|
| | General Fund | Special Revenue | Capital Projects |
| ASSETS | | | |
| Cash | \$ 3,451,014 | \$ 55,169 | \$ - |
| Investments | 5,220,992 | - | - |
| Accounts Receivable | 511,998 | 1,839,216 | 123,750 |
| Due From Other Funds | 909,994 | - | - |
| | | | |
| Total Assets | <u>\$ 10,093,998</u> | <u>\$ 1,894,385</u> | <u>\$ 123,750</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Expenses | \$ 1,597,281 | \$ 899,839 | \$ - |
| Due to Other Funds | - | 892,299 | 17,695 |
| | | | |
| Total Liabilities | 1,597,281 | 1,792,138 | 17,695 |
| Fund Balances: | | | |
| Restricted: | | | |
| State Programs | 120,865 | - | - |
| Federal Programs | - | 102,247 | - |
| Other | 226,300 | - | 106,055 |
| Assigned | 529,324 | - | - |
| Unassigned | 7,620,228 | - | - |
| | | | |
| Total Fund Balances | <u>8,496,717</u> | <u>102,247</u> | <u>106,055</u> |
| | | | |
| Total Liabilities and Fund Balances | <u>\$ 10,093,998</u> | <u>\$ 1,894,385</u> | <u>\$ 123,750</u> |

See Accompanying Notes.

LISA ACADEMY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS

YEAR ENDED JUNE 30, 2021

| | Major | | |
|--|---------------|-----------------|------------------|
| | General Fund | Special Revenue | Capital Projects |
| REVENUES | | | |
| State Assistance | \$ 24,693,437 | \$ 5,663 | \$ 1,538,606 |
| Federal Assistance | - | 6,389,667 | - |
| Activity Revenue | 199,715 | - | - |
| Donations | 1,384,041 | - | - |
| Food Services | - | 8,101 | - |
| Other | 11,955 | - | - |
| Total Revenues | 26,289,148 | 6,403,431 | 1,538,606 |
| EXPENDITURES | | | |
| Current: | | | |
| Regular Programs | 7,979,488 | 1,419,525 | - |
| Special Education | 563,969 | 427,388 | - |
| Compensatory Education | 2,670,605 | 1,057,274 | - |
| Other Instructional Programs | 316,438 | 4,147 | - |
| Student Support Services | 1,533,438 | 679,895 | - |
| Instructional Staff Support Services | 1,489,566 | 1,121,697 | - |
| General Administration Support Services | 748,170 | 18,044 | - |
| School Administration Support Services | 2,458,482 | 1,786 | - |
| Business Support Services | 1,458,299 | 137,674 | - |
| Operation and Maintenance of Plant Services | 4,429,744 | 36,401 | 1,531,522 |
| Student Transportation Services | 116,920 | 862 | - |
| Other Support Services | 78,593 | - | - |
| Food Services | 4,062 | 972,207 | - |
| Debt Service: | | | |
| Principal Retirement of Debt and Capital Leases | 317,744 | - | - |
| Interest or Fiscal Charges | 55,831 | - | - |
| Capital Outlay | 1,266,209 | 734,494 | 163,010 |
| Total Expenditures | 25,487,558 | 6,611,394 | 1,694,532 |
| Excess (Deficiency) of Revenues Over Expenditures | 801,590 | (207,963) | (155,926) |
| OTHER FINANCING SOURCES | | | |
| Transfers, Net | (281,504) | 281,504 | - |
| Proceeds From Capital Leases | 56,134 | - | - |
| Total Other Financing Sources | (225,370) | 281,504 | - |
| Net Change in Fund Balances | 576,220 | 73,541 | (155,926) |
| Fund Balance - Beginning | 7,920,497 | 28,706 | 261,981 |
| Fund Balance - Ending | \$ 8,496,717 | \$ 102,247 | \$ 106,055 |

See Accompanying Notes.

LISA ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS

YEAR ENDED JUNE 30, 2021

| | | General | |
|--|---------------------|-------------------|---------------------|
| | Budget | Actual | Variance |
| REVENUES | | | |
| State Assistance | \$ 24,339,141 | \$ 24,693,437 | \$ 354,296 |
| Federal Assistance | - | - | - |
| Activity Revenue | - | 199,715 | 199,715 |
| Donations | 1,380,000 | 1,384,041 | 4,041 |
| Food Services | - | - | - |
| Other | 2,000 | 11,955 | 9,955 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 25,721,141 | 26,289,148 | 568,007 |
| EXPENDITURES | | | |
| Current: | | | |
| Regular Programs | 9,117,617 | 7,979,488 | 1,138,129 |
| Special Education | 638,863 | 563,969 | 74,894 |
| Compensatory Education | 2,865,386 | 2,670,605 | 194,781 |
| Other Instructional Programs | 414,408 | 316,438 | 97,970 |
| Student Support Services | 1,434,531 | 1,533,438 | (98,907) |
| Instructional Staff Support Services | 2,532,366 | 1,489,566 | 1,042,800 |
| General Administration Support Services | 795,339 | 748,170 | 47,169 |
| School Administration Support Services | 1,919,043 | 2,458,482 | (539,439) |
| Business Support Services | 1,507,277 | 1,458,299 | 48,978 |
| Operation and Maintenance of Plant Services | 4,066,137 | 4,429,744 | (363,607) |
| Student Transportation Services | 93,860 | 116,920 | (23,060) |
| Other Support Services | 75,000 | 78,593 | (3,593) |
| Food Services | 29,844 | 4,062 | 25,782 |
| Debt Service: | | | |
| Principal Retirement of Debt and Capital Leases | 214,860 | 317,744 | (102,884) |
| Interest or Fiscal Charges | 44,991 | 55,831 | (10,840) |
| Capital Outlay | 351,629 | 1,266,209 | (914,580) |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 26,101,151 | 25,487,558 | 613,593 |
| Excess (Deficiency) of Revenues Over Expenditures | (380,010) | 801,590 | 1,181,600 |
| OTHER FINANCING SOURCES | | | |
| Transfers, Net | (161,221) | (281,504) | (120,283) |
| Proceeds From Capital Leases | - | 56,134 | 56,134 |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources | (161,221) | (225,370) | (64,149) |
| Net Change in Fund Balances | <u>\$ (541,231)</u> | <u>\$ 576,220</u> | <u>\$ 1,117,451</u> |

See Accompanying Notes.

| Special Revenue | | |
|------------------------|---------------|-----------------|
| Budget | Actual | Variance |
| \$ 3,800 | \$ 5,663 | \$ 1,863 |
| 3,694,418 | 6,389,667 | 2,695,249 |
| - | - | - |
| - | - | - |
| 155,101 | 8,101 | (147,000) |
| - | - | - |
| 3,853,319 | 6,403,431 | 2,550,112 |
| 323,368 | 1,419,525 | (1,096,157) |
| 390,779 | 427,388 | (36,609) |
| 873,626 | 1,057,274 | (183,648) |
| 10,300 | 4,147 | 6,153 |
| 500,409 | 679,895 | (179,486) |
| 934,062 | 1,121,697 | (187,635) |
| 377 | 18,044 | (17,667) |
| - | 1,786 | (1,786) |
| 1,686 | 137,674 | (135,988) |
| - | 36,401 | (36,401) |
| - | 862 | (862) |
| - | - | - |
| 1,082,517 | 972,207 | 110,310 |
| - | - | - |
| - | - | - |
| - | 734,494 | (734,494) |
| 4,117,124 | 6,611,394 | (2,494,270) |
| (263,805) | (207,963) | 55,842 |
| 167,057 | 281,504 | 114,447 |
| - | - | - |
| 167,057 | 281,504 | 114,447 |
| \$ (96,748) | \$ 73,541 | \$ 170,289 |

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies

Reporting Entity

LISA Academy (the “School”) was created in 2004 by Little Scholars of Arkansas Foundation, (the “Foundation”) which was incorporated in 2004 in the state of Arkansas as a non-profit organization to operate one or more public charter schools in the state of Arkansas. The Board of Directors of the Foundation is the level of government which has responsibilities over all activities of the School. The School’s financial statements reflect all funds and accounts directly under the control of the School. There are no component units.

Description of Funds

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

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the 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 objective of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, 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.

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 Ark. Code Ann. 10-4-413 (c), as provided in Act 867 of 2019, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major functions. 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.

Capital Assets

Information on capital assets and related depreciation is reported in the supplementary information. 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 School maintains a threshold level of \$1,000 and a useful life in excess of two years for capitalizing equipment.

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

| <u>Asset Class</u> | <u>Estimated Useful Life in Years</u> |
|-------------------------|---------------------------------------|
| Buildings/Improvements | 10 - 40 |
| Furniture and Equipment | 5 - 20 |

Interfund Receivables and Payables

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

Fund Balance Classifications

Under the RBA, fund balance is reported under the following five classifications:

- 1. Nonspendable Fund Balance** - includes amounts that are not in a spendable form or are required to be maintained intact. The School does not have any nonspendable fund balance at year end.
- 2. Restricted Fund Balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted for State Programs and Restricted for Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements. The fund balance that is restricted for other purposes includes donated funds in which the funds have been restricted by the donor for specific uses.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

3. **Committed Fund Balance** - includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority (the Board of Directors) and does not lapse at year end. The School does not have any committed fund balance at year end.
4. **Assigned Fund Balance** - includes amounts intended for a specific purpose by the Board of Directors or by a School official that has been delegated authority to assign amounts. The assigned fund balance at year end represents funds that are intended for various School activities.
5. **Unassigned Fund Balance** - includes any remaining fund balance that has not been reported in any other classification. 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.

The School does not have a policy addressing whether it considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. School personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The School does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. For the purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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 does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the Schools employ the cash basis method.

The School budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General and Special Revenue Funds - Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Regulatory Basis. Additionally, the School routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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.

Income Taxes

The 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.

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.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Minimum Fund Balance Policies

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

Subsequent Events

The School has evaluated all subsequent events for potential recognition and disclosure May 27, 2022 the date these financials statements were available to be issued.

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:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|----------------|-----------------------------------|--------------------------------|
| Insured (FDIC) | \$ 250,000 | \$ 250,000 |
| Uninsured | 8,477,175 | 9,274,623 |
| Total deposits | <u>\$ 8,727,175</u> | <u>\$ 9,524,623</u> |

The above total deposits include investments totaling \$5,220,992. The School does not believe that it is subject to any unusual credit risk beyond the normal credit risk associated with commercial banking.

Note 3: Investments

At June 30, 2021, the School's investments consisted of the following money market investments reported at market value:

| | |
|-----------------|---------------------|
| U.S. Treasury's | <u>\$ 5,220,992</u> |
|-----------------|---------------------|

Concentration of Credit Risk

The School does not have a formal investment policy addressing concentration of credit risk. At June 30, 2021, all of the School's investments were held in U.S. Treasury's.

Note 4: Accounts Receivable

The accounts receivable balance of \$2,474,964 is comprised of the following at June 30, 2021:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|--------------------|--------------------------------|--|---|---------------------|
| Federal Assistance | \$ - | \$ 1,839,216 | \$ 123,750 | \$ 1,962,966 |
| Other | <u>511,998</u> | <u>-</u> | <u>-</u> | <u>511,998</u> |
| | <u>\$ 511,998</u> | <u>\$ 1,839,216</u> | <u>\$ 123,750</u> | <u>\$ 2,474,964</u> |

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 5: Accounts Payable and Accrued Expenses

The accounts payable and accrued expenses balance of \$2,497,120 is comprised of the following at June 30, 2021:

| <u>Class of Payable</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|-------------------------|---------------------|-----------------------------|---------------------|
| Accounts Payable | \$ 904,768 | \$ 899,839 | \$ 1,804,607 |
| Accrued Expenses | 692,513 | - | 692,513 |
| Total | <u>\$ 1,597,281</u> | <u>\$ 899,839</u> | <u>\$ 2,497,120</u> |

The accounts payable of \$1,804,607 at June 30, 2021 consists of vendor payables. Accrued expenses of \$692,513 at June 30, 2021 consists of accrued salary and payroll taxes.

Note 6: Commitments

Long-Term Debt Issued and Outstanding

The School is presently paying on the following long-term debt, including capital leases:

| <u>Date of Issue</u> | <u>Date of Final Maturity</u> | <u>Rate of Interest</u> | <u>Amount Authorized and Issued</u> | <u>Debt Outstanding June 30, 2021</u> | <u>Maturities to June 30, 2021</u> |
|------------------------|-------------------------------|-------------------------|-------------------------------------|---------------------------------------|------------------------------------|
| Note Payable: | | | | | |
| 8/12/2019 | 8/1/2026 | 3.29% | \$ 1,620,000 | \$ 1,213,086 | \$ 406,914 |
| Capital Leases: | | | | | |
| 8/5/2019 | 7/5/2022 | 4.5% | \$ 30,949 | \$ 11,616 | \$ 19,333 |
| 8/5/2019 | 7/5/2022 | 4.5% | 159,139 | 59,731 | 99,408 |
| 9/12/2019 | 8/12/2022 | 4.5% | 59,450 | 23,986 | 35,464 |
| 1/11/2021 | 4/11/2024 | 4.5% | 56,134 | 53,861 | 2,273 |
| Totals | | | <u>\$ 1,925,672</u> | <u>\$ 1,362,280</u> | <u>\$ 563,392</u> |

Changes in long-term debt as follows:

| <u>Description</u> | <u>Balance July 1, 2020</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2021</u> |
|----------------------|-----------------------------|------------------|-------------------|------------------------------|
| Note Payable | \$ 1,446,127 | \$ - | \$ 233,041 | \$ 1,213,086 |
| Capital Leases | 177,763 | 56,134 | 84,703 | 149,194 |
| Total Long-Term Debt | <u>\$ 1,623,890</u> | <u>\$ 56,134</u> | <u>\$ 317,744</u> | <u>\$ 1,362,280</u> |

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Total long-term debt principal and interest payments are as follows:

| Year ended June 30 | Principal | Interest | Total |
|-------------------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 326,891 | \$ 41,636 | \$ 368,527 |
| 2023 | 258,054 | 30,917 | 288,971 |
| 2024 | 255,126 | 22,326 | 277,452 |
| 2025 | 245,845 | 14,006 | 259,851 |
| 2026 | 254,056 | 1,761 | 255,817 |
| 2027 | <u>22,308</u> | <u>-</u> | <u>22,308</u> |
| Totals | <u>\$ 1,362,280</u> | <u>\$ 110,646</u> | <u>\$ 1,472,926</u> |

Capital Leases

The School has four capital leases for copiers with a fixed interest rate of 4.5%. Total payments on the capital leases for the year ending June 30, 2021 was \$92,070. The property held under the capital lease is summarized as follows as of June 30, 2021:

| | |
|-------------------------------|-------------------|
| Equipment | \$ 305,672 |
| Less Accumulated Depreciation | <u>(52,946)</u> |
| | <u>\$ 252,726</u> |

Note 7: Leases

The School rents certain real estate, copiers, postage meters, classroom buildings, and facilities from Little Scholars of Arkansas LLC, which is a related party through common management and Board of Directors, under non-cancellable operating leases with terms ranging from three years to twenty years. The expense for the year ending June 30, 2021 was \$3,830,060. Future minimum lease payments under these agreements at June 30, 2021 are as follows:

| | |
|-------------|----------------------|
| 2022 | \$ 3,776,385 |
| 2023 | 3,920,235 |
| 2024 | 3,975,687 |
| 2025 | 3,974,352 |
| 2026 | 3,009,294 |
| 2027 - 2031 | 8,665,328 |
| 2032 - 2036 | 7,869,858 |
| 2037 - 2039 | <u>4,720,278</u> |
| Total | <u>\$ 39,911,417</u> |

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8: Retirement Plans

Arkansas Teacher Retirement System

Plan description: The 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 prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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 non-contributory plans. Contributory members are required by law to contribute 6.50% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.50%.

The School's contributions to ATRS for the years ended June 30, 2021, 2020, and 2019 were \$2,347,205; \$1,900,260; and \$1,386,579, respectively, 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 School's proportionated share of the collective net pension liability. The School's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was \$26,426,175.

Note 9: Significant Concentration

The School is economically dependent on funding received through state awards. During the year ended June 30, 2021, approximately 77% of total revenues were from state sources and approximately 19% of total revenues were from federal sources.

Note 10: Contingencies

The School participates in federally assisted grant programs. The 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.

The School participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 11: On Behalf Payments

During the year ended June 30, 2021, health insurance premiums of \$434,910 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of the School's employees.

Note 12: Risk Management

The School is exposed to various risk of loss from torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The School carries commercial insurance for coverage of buildings' contents, board liability, theft, student accidents, and bus drivers and business trip accidental death and dismemberment. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

The School is a member of the Arkansas School Board Association self-insurance program, a public entity risk pool currently operating a common risk management and insurance program for its members. The fund was created by members to formulate, develop and administer a program of self-funding for the fund's membership, obtain lower costs for Workmen's Compensation Coverage and develop a comprehensive loss control program. The School pays an annual premium to the fund for its Workmen's Compensation Coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reissue through commercial carriers for claims in excess of specified stop loss amounts.

Note 13: Interfund Transfers

The following details the transfers between governmental funds for operating purposes:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|---------------|--------------------------------|--|---------------------|
| Transfers In | \$ 34,991,869 | \$ 499,514 | \$ 35,491,383 |
| Transfers Out | <u>(35,273,373)</u> | <u>(218,010)</u> | <u>(35,491,383)</u> |
| Totals | <u>\$ (281,504)</u> | <u>\$ 281,504</u> | <u>\$ -</u> |

Note 14: Consolidation

Pursuant to Ark. Codes Ann. § 6-11-105, 6-13-1401 et seq., 6-13-1601 et seq., 25-15-201 et seq. and Act 377 of 2015, the Arkansas Department of Education on October 15, 2020 approved the transfer of the Little Rock Preparatory Academy Charter to Lisa Academy, effective July 1, 2020. At this date, all transactions between the two schools and all financial records will be reported under LISA Academy.

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

LISA ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| Federal Grant/Pass-Through Grantor/Program Title | Pass Through Entity Identifying Number | Assistance Listing Number | Federal Expenditures |
|---|--|---------------------------------|-------------------------|
| CHILD NUTRITION CLUSTER | | | |
| <u>U.S. Department of Agriculture</u> | | | |
| Passed Through Arkansas Department of Education: | | | |
| School Breakfast Program | 60417 | 10.553 | 182,687 |
| National School Lunch Program | 60417 | 10.555 | 490,788 |
| Total Child Nutrition Cluster | | | 673,475 |
| OTHER PROGRAMS: | | | |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed Through Arkansas Department of Human Services: | | | |
| AWARE Arkansas - Substance Abuse and Mental Health Services Administration | 60417 | 3.243 | 10,000 |
| Total U.S. Department of Health and Human Services | | | 10,000 |
| <u>U.S. Department of the Treasury</u> | | | |
| Passed Through Arkansas Department of Education: | | | |
| COVID-19 Relief Fund - Emergency Leave | 60417 | 21.019 | 11,425 |
| COVID-19 Relief Fund - COVID School Meals Project | 60417 | 21.019 | 12,115 |
| Total U.S. Department of the Treasury | | | 23,540 |
| <u>U.S. Department of Education</u> | | | |
| Passed Through Arkansas Department of Education: | | | |
| Title I, Part A - Grants to Local Education Agencies | 60417 | 84.010 | 1,187,590 |
| Title VI - Part B - Special Education Grants to States | 60417 | 84.027 | 668,549 |
| Title VI - Part B - Special Education Preschool Grants | 60417 | 84.173 | 7,785 |
| APSRC Charter School Program Grant | 60417 | 84.282 | 49,060 |
| Title III, Part A - English Language Acquisition | 60417 | 84.365 | 77,628 |
| COVID-19 Education Stabilization Fund - ESSER I | 60417 | 84.425D | 598,447 |
| COVID-19 Education Stabilization Fund - ESSER II | 60417 | 84.425D | 2,570,224 |
| COVID-19 Education Stabilization Fund - COVID Emergency Leave | 60417 | 84.425D | 26,652 |
| COVID-19 Education Stabilization Fund - SPED Digital Learning | 60417 | 84.425D | 7,189 |
| Total U.S. Department of Education | | | 5,193,124 |
| Total Expenditures of Federal Awards | | | \$ 5,900,139 |

LISA ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule includes the federal awards activity of the School and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* , Part 200, *Uniform Administrative Requirements , Cost Principles, and Audit Requirements for Federal Awards* . Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The School did not elect to use the 10% de minimis indirect cost rate
2. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$445,253 are not covered by the reporting requirements of the Uniform Guidance.
3. The School received approval from the Arkansas Department of Education to transfer \$144,620 of Title II, Part A - Improving Teacher Quality funds and \$73,390 of Title IV, Part A - Student Support and Academic Enrichment funds to Title I, Part A - Grants to Local Education Agencies.

**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 School Board Members
LISA Academy
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 aggregate remaining fund information of LISA Academy ("the School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 27, 2022.

We issued an adverse opinion because the School prepared the financial statements in conformity with accounting practices prescribed by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary results for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

H CJ CPAs & Advisors PLLC

H CJ CPAs & Advisors, PLLC
Little Rock, Arkansas
May 27, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

To the School Board Members
LISA Academy
Little Rock, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of LISA Academy ("the School") 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, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, LISA Academy 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, 2021.

Report on Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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.

Our 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.

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.

HCJ CPAs & Advisors PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
May 27, 2022

LISA ACADEMY
SCHEDULE OF STATE ASSISTANCE
YEAR ENDED JUNE 30, 2021

Arkansas Department of Education

| | |
|---|-----------------------------|
| Charter School Funding | \$ 23,206,772 |
| Charter School Facilities Funding | 1,538,606 |
| GT Advanced Placement | 5,550 |
| Professional Development Funding | 123,480 |
| National School Lunch Student Funding | 1,099,130 |
| Government Computer Science Grant Program | 300 |
| Early Childhood Special Education | 10,261 |
| Special Education Supervision Extended School Year Services | 17,846 |
| Limited English Proficiency Funding | 228,448 |
| CS Bonus ADE/Supplemental | 3,670 |
| Early Intervention Day Training | <u>3,643</u> |
| Total State Assistance | <u><u>\$ 26,237,706</u></u> |

LISA ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITORS' RESULTS

1. Our report expresses an adverse opinion based on generally accepted accounting principles and an unmodified opinion based on regulatory basis of accounting on the basic financial statements of LISA Academy.

2. The independent auditors' report on internal control over financial reporting described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

5. The opinion expressed in the independent auditors' report on compliance with requirements applicable to major federal awards was:

☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? ☐ Yes ☒ No

7. The Auditee's major programs were:

| Cluster/Program | Assistance Listing Number |
|---|---------------------------|
| • COVID-19 Education Stabilization Fund | 84.425D |

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

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance? ☒ Yes ☐ No

LISA ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

None

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the School Board Members
LISA Academy
Little Rock, Arkansas

We have examined management's assertions that LISA Academy (the "School") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2021. Management is responsible for the School's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, LISA Academy complied with the aforementioned requirements for the year ended June 30, 2021.

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.

HCJ CPAs & Advisors PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
May 27, 2022

LISA ACADEMY
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED IN
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

YEAR ENDED JUNE 30, 2021

| <u>DESCRIPTION</u> | <u>STATUTES</u> |
|--|--|
| Bidding & Purchasing Commodities | 6-21-301 – 6-21-305 |
| Ethical Guidelines and Prohibitions | 6-13-628; 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 | |
| • Bonded & Non-bonded Debt, District School Bonds | 6-20-402 6-20-1201 – 6-20-1208; 6-20-1210 |
| • Petty Cash | 6-20-409 |
| • Changes in Pullback (no deferrals – declining accrual percentages) | 6-20-401 |
| • Investment of Fund | 19-1-504 |
| Management of Schools | |
| • Board of Directors | 6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq. |
| • 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. |
| Salary Laws – Classified | 6-17-2201 et seq.; 6-17-2301 et seq. |
| Salary Increases 5% or more (Certified & Classified) | 6-13-635 |
| School Elections | 6-13-622; 6-13-630; 6-13-631; 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 |
| • Employment and Assignment | 6-17-301 et seq. |
| • Teacher's License Requirement | 6-17-401 et seq. |
| • Contracts | 6-17-801 et seq. |
| • Certification Requirements | 6-17-309; 6-17-401 |
| • Fair Dismissal Act | 6-17-1501 et seq.; 6-17-1701 et seq. |
| • Sick Leave Policies | 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 |
| Trust Funds (Education Excellence) | 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 amounts of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District employees |

LISA ACADEMY
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED IN
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE (CONTINUED)

YEAR ENDED JUNE 30, 2021

| <u>DESCRIPTION</u> | <u>STATUTES</u> |
|--|-------------------------------|
| Regulatory Basis of Accounting | 10-4-413(c) |
| Real Estate and Personal Property Tax Appeals | 26-35-802 |
| Arkansas Procurement Law | 19-11-201 et. Seq. |
| Fiscal Accountability | 6-20-1901, et. Seq. |
| Limitation on Fund Balances | 6-20-2210 |
| Enhanced Student Achievement Funding ESA | 6-20-2305(B)(4)(F)(I) |
| CARES Act (COVID-19) Education Funding | Commissioner's Memo LS-20-089 |
| Charter Facilities Funding | 6-23-908 |

LISA ACADEMY
SUPPLEMENTAL DATA SHEET
YEAR ENDED JUNE 30, 2021

The following information is being provided to satisfy the requirements of Arkansas Department of Human Services Audit Guidelines:

- | | |
|--------------------------------------|--|
| 1. <u>Entity's Full Name:</u> | LISA Academy |
| 2. <u>Entity's Address:</u> | 10825 Financial Centre Parkway Suite 360 Little Rock, AR 72211 |
| 3. <u>Entity's FEIN:</u> | 06-1665076 |
| 4. <u>Entity's Telephone Number:</u> | 501-916-9450 |
| 5. <u>Name of Director:</u> | Dr. Fatih Bogrek, Superintendent |
| 6. <u>Name of Contact Person:</u> | Dr. Fatih Bogrek, Superintendent |