

LISA ACADEMY
REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2023
with
INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the School Board Members
LISA Academy
Little Rock, Arkansas

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the School's regulatory basis financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the School, as of June 30, 2023, and the respective regulatory basis statement of revenues, expenditures and changes in fund balances and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, in accordance with the financial reporting provision of Arkansas Code Ann. § 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 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, 2023, or the changes in financial position of the School 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting practices prescribed by Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is 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 generally accepted auditing standards 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 generally accepted auditing standards 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's regulatory basis financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of state assistance, and schedule of capital assets are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of state assistance, and schedule of capital assets are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines but does not include the basic financial statements and our auditor's report thereon. Our opinions on the regulatory financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

HCS CPAs & Advisors, PLLC

Little Rock, Arkansas
March 11, 2024

FINANCIAL STATEMENTS

LISA ACADEMY
BALANCE SHEET – REGULATORY BASIS
JUNE 30, 2023

	Major		
	General Fund	Special Revenue	Capital Projects
Assets:			
Cash	\$ 1,319,974	\$ 9,208	\$ -
Investments	5,107,624	-	-
Accounts Receivable	37,468	1,005,644	196,580
Due from Other Funds	1,192,218	107,284	-
Total Assets	<u>\$ 7,657,284</u>	<u>\$ 1,122,136</u>	<u>\$ 196,580</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,328,638	\$ 82,440	\$ -
Due to Other Funds	107,284	1,035,824	156,394
Total Liabilities	1,435,922	1,118,264	156,394
Fund Balances:			
Restricted:			
State Programs	186,708	-	-
Federal Programs	-	3,872	-
Other	68,907	-	40,186
Assigned	255,408	-	-
Unassigned	5,710,339	-	-
Total Fund Balances	<u>6,221,362</u>	<u>3,872</u>	<u>40,186</u>
Total Liabilities and Fund Balances	<u>\$ 7,657,284</u>	<u>\$ 1,122,136</u>	<u>\$ 196,580</u>

See Accompanying Notes.

LISA ACADEMY

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

YEAR ENDED JUNE 30, 2023

	Major		
	General Fund	Special Revenue	Capital Projects
Revenues:			
State Assistance	\$ 30,217,862	\$ 8,487	\$ 2,065,455
Federal Assistance	-	7,483,565	-
Activity Revenue	323,077	-	-
Donations	807,353	-	-
Food Services	-	174,306	-
Other	32,691	-	-
Total Revenues	31,380,983	7,666,358	2,065,455
Expenditures:			
Current:			
Regular Programs	14,164,635	863,906	-
Special Education	810,440	854,645	-
Workforce Education	5,671	9,190	-
Compensatory Education	417,431	608,056	-
Other Instructional Programs	501,322	64,403	-
Student Support Services	2,168,936	1,319,927	-
Instructional Staff Support Services	3,072,009	1,310,534	-
General Administration Support Services	1,300,241	-	-
School Administration Support Services	2,790,622	25,616	-
Business Support Services	2,195,378	1,228,897	-
Operation and Maintenance of Plant Services	4,810,526	117,978	2,060,967
Student Transportation Services	94,641	32,080	-
Other Support Services	94,163	5,666	-
Food Services	41,643	1,572,184	-
Debt Service:			
Principal Retirement of Debt and Finance Leases	321,866	-	-
Interest and Fiscal Charges	37,826	-	-
Capital Outlay	1,960,730	431,117	-
Total Expenditures	34,788,080	8,444,199	2,060,967
Excess (Deficiency) of Revenues Over Expenditures	(3,407,097)	(777,841)	4,488
Other Financing Sources:			
Transfers, Net	(105,457)	105,457	-
Proceeds from Finance Leases	218,317	-	-
Total Other Financing Sources	112,860	105,457	-
Net Change in Fund Balances	(3,294,237)	(672,384)	4,488
Fund Balance - Beginning	9,515,599	676,256	35,698
Fund Balance - Ending	\$ 6,221,362	\$ 3,872	\$ 40,186

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, 2023

	General		
	Budget	Actual	Variance
Revenues:			
State Assistance	\$ 30,634,433	\$ 30,217,862	\$ (416,571)
Federal Assistance	-	-	-
Activity Revenue	-	323,077	323,077
Donations	798,923	807,353	8,430
Food Services	-	-	-
Other	-	32,691	32,691
Total Revenues	31,433,356	31,380,983	(52,373)
Expenditures:			
Current:			
Regular Programs	14,033,632	14,164,635	(131,003)
Special Education	638,948	810,440	(171,492)
Workforce Education	111,449	5,671	105,778
Compensatory Education	403,691	417,431	(13,740)
Other Instructional Programs	510,015	501,322	8,693
Student Support Services	1,798,985	2,168,936	(369,951)
Instructional Staff Support Services	3,069,749	3,072,009	(2,260)
General Administration Support Services	1,344,069	1,300,241	43,828
School Administration Support Services	3,435,416	2,790,622	644,794
Business Support Services	2,490,183	2,195,378	294,805
Operation and Maintenance of Plant Services	4,882,709	4,810,526	72,183
Student Transportation Services	33,316	94,641	(61,325)
Other Support Services	75,957	94,163	(18,206)
Food Services	69,334	41,643	27,691
Debt Service:			
Principal Retirement of Debt and Finance Leases	229,662	321,866	(92,204)
Interest and Fiscal Charges	30,190	37,826	(7,636)
Capital Outlay	1,209,813	1,960,730	(750,917)
Total Expenditures	34,367,118	34,788,080	(420,962)
Excess (Deficiency) of Revenues Over Expenditures	(2,933,762)	(3,407,097)	(473,335)
Other Financing Sources:			
Transfers, Net	-	(105,457)	(105,457)
Proceeds from Finance Leases	-	218,317	218,317
Total Other Financing Sources	-	112,860	112,860
Net Change in Fund Balances	<u>\$ (2,933,762)</u>	<u>\$ (3,294,237)</u>	<u>\$ (360,475)</u>

See Accompanying Notes.

Special Revenue		
Budget	Actual	Variance
\$ 6,639	\$ 8,487	\$ 1,848
7,880,093	7,483,565	(396,528)
-	-	-
-	-	-
317,000	174,306	(142,694)
-	-	-
8,203,732	7,666,358	(537,374)
654,794	863,906	(209,112)
1,120,016	854,645	265,371
12,065	9,190	2,875
626,331	608,056	18,275
80,001	64,403	15,598
1,349,134	1,319,927	29,207
1,032,946	1,310,534	(277,588)
-	-	-
-	25,616	(25,616)
333,030	1,228,897	(895,867)
213,642	117,978	95,664
-	32,080	(32,080)
-	5,666	(5,666)
2,018,196	1,572,184	446,012
-	-	-
-	-	-
349,735	431,117	(81,382)
7,789,890	8,444,199	(654,309)
413,842	(777,841)	(1,191,683)
-	105,457	105,457
-	-	-
-	105,457	105,457
\$ 413,842	\$ (672,384)	\$ (1,086,226)

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 Arkansas Code Ann. § 10-4-413(c), as provided in Act 2205 of 2005 and amended by 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, 2023

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, recording a right-of-use asset and liability for leases with a term of greater than 12 months, 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.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. 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 finance 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, Equipment, Vehicles	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.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- 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.
- 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.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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. The previous three years of federal tax returns, along with the current year return, are subject to potential examination by taxing authorities.

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.

Encumbrances

The School does not utilize encumbrance accounting.

Subsequent Events

The School has evaluated all subsequent events for potential recognition and disclosure through March 11, 2024, 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	1,079,182	1,239,528
Total deposits	<u>\$ 1,329,182</u>	<u>\$ 1,489,528</u>

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, 2023, the School's investments consisted of the following United States Treasury Obligations reported at market value:

U.S. Treasury Obligations	<u>\$ 5,107,624</u>
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Concentration of Credit Risk

The School does not have a formal investment policy addressing concentration of credit risk. At June 30, 2023, all of the School's investments were held in U.S. Treasury Obligations. The United States government guarantees the U.S. Treasury Obligations.

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4: Accounts Receivable

The accounts receivable balance of \$1,239,692 is comprised of the following at June 30, 2023:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Federal Assistance	\$ -	\$ 1,005,644	\$ 196,580	\$ 1,202,224
Other	<u>37,468</u>	<u>-</u>	<u>-</u>	<u>37,468</u>
	<u>\$ 37,468</u>	<u>\$ 1,005,644</u>	<u>\$ 196,580</u>	<u>\$ 1,239,692</u>

Note 5: Accounts Payable and Accrued Expenses

The accounts payable and accrued expenses balance of \$1,411,078 is comprised of the following at June 30, 2023:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Accounts Payable	\$ 490,508	\$ 82,440	\$ 572,948
Accrued Expenses	<u>838,130</u>	<u>-</u>	<u>838,130</u>
Total	<u>\$ 1,328,638</u>	<u>\$ 82,440</u>	<u>\$ 1,411,078</u>

The accounts payable of \$572,948 at June 30, 2023 consists of vendor payables. Accrued expenses of \$838,130 at June 30, 2023 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 finance 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, 2023</u>	<u>Maturities to June 30, 2023</u>
Note Payable:					
8/12/2019	8/1/2026	3.29%	\$ 1,620,000	\$ 779,564	\$ 840,436
Finance Leases:					
8/5/2019	7/5/2022	4.5%	\$ 30,949	\$ -	\$ 30,949
8/5/2019	7/5/2022	4.5%	159,139	-	159,139
9/12/2019	8/12/2022	4.5%	59,450	-	59,450
1/11/2021	4/11/2024	4.5%	56,134	17,227	38,907
7/30/2021	7/31/2024	4.5%	12,446	4,722	7,724
4/20/2022	7/20/2025	4.5%	53,928	38,511	15,417
7/1/2022	12/1/2024	4.5%	139,308	85,135	54,173
10/1/2022	10/1/2027	4.06%	8,476	7,447	1,029
10/1/2022	10/1/2027	4.06%	<u>70,533</u>	<u>61,970</u>	<u>8,563</u>
Totals			<u>\$ 2,210,363</u>	<u>\$ 994,576</u>	<u>\$ 1,215,787</u>

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in long-term debt as follows:

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Note Payable	\$ 990,339	\$ -	\$ 210,775	\$ 779,564
Finance Leases	<u>107,836</u>	<u>218,317</u>	<u>111,141</u>	<u>215,012</u>
Total Long-Term Debt	<u>\$ 1,098,175</u>	<u>\$ 218,317</u>	<u>\$ 321,916</u>	<u>\$ 994,576</u>

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

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 348,221	\$ 29,064	\$ 377,285
2025	309,392	16,887	326,279
2026	272,308	7,091	279,399
2027	58,573	2,987	61,560
2028	<u>6,082</u>	<u>54</u>	<u>6,136</u>
Totals	<u>\$ 994,576</u>	<u>\$ 56,083</u>	<u>\$ 1,050,659</u>

Finance Leases

The School had nine finance leases for copiers with fixed interest rates between 4.06% and 4.5% during 2023. Total payments on the finance leases for the year ending June 30, 2023 was \$121,545. The property held under the finance leases is summarized as follows as of June 30, 2023:

Equipment	\$ 340,823
Less Accumulated Depreciation	<u>(111,608)</u>
	<u>\$ 229,215</u>

Note 7: Operating Leases

The School rents certain real estate, copiers, postage meters, classroom buildings, and facilities under non-cancellable operating leases. Rental expense associated with these leases was approximately \$4,020,229 for the year ending June 30, 2023, which includes \$2,704,158 to Little Scholars of Arkansas, LLC, which is a related party through common management and Board of Directors. Future minimum lease payments under these agreements at June 30, 2023 are as follows:

2024	\$ 4,052,688
2025	4,053,753
2026	4,334,237
2027	4,060,784
2028	3,336,167
2029 - 2033	15,282,648
2034 - 2038	14,039,623
2039 - 2043	6,121,093
2044 - 2048	4,547,965
2049 - 2053	4,547,965
2054 - 2057	<u>2,880,378</u>
Total	<u>\$ 67,257,301</u>

LISA ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, by calling 1-501-682-1517, or by visiting the ATRS website at www.artrs.gov.

Funding Policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 7% 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 15%.

The School's contributions to ATRS for the years ended June 30, 2023, 2022, and 2021 were \$3,453,859; \$3,087,933; and \$2,347,205, 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, 2022 (actuarial valuation date and measurement date) was \$32,511,182.

Note 9: Significant Concentration

The School is economically dependent on funding received through state and federal awards. During the year ended June 30, 2023, approximately 79% of total revenues were from state sources and approximately 18% 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, 2023

Note 11: On Behalf Payments

During the year ended June 30, 2023, health insurance premiums of \$820,134 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:

	General Fund	Special Revenue Fund	Total
Transfers In	\$ 43,479,799	\$ 307,403	\$ 43,787,202
Transfers Out	<u>(43,585,256)</u>	<u>(201,946)</u>	<u>(43,787,202)</u>
	<u>\$ (105,457)</u>	<u>\$ 105,457</u>	<u>\$ -</u>

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

LISA ACADEMY
SCHEDULE OF CAPITAL ASSETS
YEAR ENDED JUNE 30, 2023

Depreciable Capital Assets:

Building Improvements	\$ 10,222,658
Land Improvements	49,950
Furniture and Equipment	4,584,354
Vehicles	48,410

Total Depreciable Capital Assets	14,905,372
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Total Capital Assets	14,905,372
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Less Accumulated Depreciation for:

Building Improvements	1,877,763
Land Improvements	33,279
Furniture and Equipment	2,783,854
Vehicles	7,327

Total Accumulated Depreciation	4,702,223
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Capital Assets, Net	\$ 10,203,149
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LISA ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

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 - Cash Assistance	60417	10.553	\$ 167,181
National School Lunch Program - Cash Assistance	60417	10.555	843,525
Performance Based Reimbursement	60417	10.555	19,254
Supply Chain - Cash Assistance	60417	10.555	75,792
Supply Chain - Cash Assistance 2	60417	10.555	71,451
Supply Chain - Cash Assistance 3	60417	10.555	34,712
Regular Commodities	60417	10.555	2,502
Total Child Nutrition Cluster			1,214,417
SPECIAL EDUCATION CLUSTER (IDEA)			
<u>U.S. Department of Education</u>			
Passed Through Arkansas Department of Education:			
Title VI - Part B - Special Education Grants to States	60417	84.027	831,368
COVID-19 ARP Special Education School Age Funding	60417	84.027X	520
Title VI - Part B - Special Education Preschool Grants	60417	84.173	28,773
COVID-19 ARP Special Education Early Childhood Funding	60417	84.173X	4,807
Total Special Education Cluster (IDEA)			865,468
OTHER PROGRAMS:			
<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	1,148,768
Title III, Part A - English Language Acquisition	60417	84.365	64,403
COVID-19 Education Stabilization Fund - ESSER I	60417	84.425D	220
COVID-19 Education Stabilization Fund - ESSER II	60417	84.425D	85,604
COVID-19 Education Stabilization Fund - CTE ARP Start Up	60417	84.425U	125,162
COVID-19 Education Stabilization Fund - ARP ESSER III	60417	84.425U	2,683,338
COVID-19 Education Stabilization Fund - ARP ESSER III			
Afterschool and Summer Learning Program	60417	84.425U	209,578
COVID-19 Education Stabilization Fund - Arkansas Thrive	60417	84.425U	4,599
COVID-19 Education Stabilization Fund - ARPA II Homeless	60417	84.425W	6,115
Total Arkansas Department of Education			4,327,787
Passed Through Arkansas Public School Resource Center:			
Charter School Program Grant	60417	84.282	1,124,736
Total U.S. Department of Education			5,452,523
<u>U.S. Department of Health and Human Services</u>			
Passed Through Arkansas Department of Education:			
School Health Services Surveillance Participation Incentive	60417	93.079	266
Total Other Programs			5,452,789
Total Expenditures of Federal Awards			\$ 7,532,674

LISA ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

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 \$655,373 are not covered by the reporting requirements of the Uniform Guidance.
3. The School received approval from the Arkansas Department of Education to transfer \$130,992 of Title II, Part A - Improving Teacher Quality funds and \$70,954 of Title IV, Part A - Student Support and Academic Enrichment funds to Title I, Part A - Grants to Local Education Agencies.

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*

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, 2023, and the related notes to the financial statements, which collectively comprise the School's regulatory financial statements and have issued our report thereon dated March 11, 2024.

We issued an adverse opinion because the School prepared the financial statements in conformity with accounting practices prescribed by the Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, 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, 2023, 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.

Report on 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 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
March 11, 2024

**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited the compliance of LISA Academy (the "School") with the types of compliance requirements identified as subject to audit 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, 2023. 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, 2023.

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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit 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.

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 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.

To the School Board Members
Page Three

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
March 11, 2024

LISA ACADEMY
SCHEDULE OF STATE ASSISTANCE
YEAR ENDED JUNE 30, 2023

Arkansas Department of Education

Arkansas School Recognition Program	\$ 28,300
Charter School Funding	27,602,750
Charter School Facilities Funding	2,065,455
Computer Science Initiative Student Support Funding	2,450
CS Bonus ADE/Supplemental	4,906
Early Childhood Special Education	26,383
Early Intervention Day Training	9,368
GT Advanced Placement	7,496
Limited English Proficiency Funding	297,558
National School Lunch Student Funding	1,252,881
Professional Development Funding	154,800
State School Safety Grant	115,788
Special Education Catastrophic Loss Funding	34,810
Teacher Salary Equalization Program	<u>688,859</u>
Total State Assistance	<u>\$ 32,291,804</u>

LISA ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITOR'S 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 auditor's 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 auditor's 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 auditor's 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, 84.425U, 84.425W
• Title I, Part A - Grants to Local Educational Agencies	84.010
• Charter School Program Grant	84.282

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, 2023

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

None

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

INDEPENDENT AUDITOR'S 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, 2023. 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.

We are required to be independent of the School and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, LISA Academy complied with the aforementioned requirements for the year ended June 30, 2023.

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
March 11, 2024

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

YEAR ENDED JUNE 30, 2023

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding and Purchasing Commodities	6-21-301 – 6-21-305
Ethical Guidelines and Prohibitions	6-13-628; 6-24-101 et seq.
Collateralization and Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	
• Bonded and 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.
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

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

YEAR ENDED JUNE 30, 2023

<u>DESCRIPTION</u>	<u>STATUTES</u>
Use of DM&O Millage	26-80-110
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
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
CARES Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089
Charter Facilities Funding	6-23-908

LISA ACADEMY
SUPPLEMENTAL DATA SHEET
YEAR ENDED JUNE 30, 2023

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 |