

**FOUNDERS CLASSICAL
ACADEMIES OF ARKANSAS**

**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2024

(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024**

	Page(s)
Independent Auditor’s Report	1-4
Regulatory Basis Financial Statements	
Balance Sheets – Governmental Funds – Regulatory Basis	5
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis	6
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	7
Notes to the Financial Statements	8-14
Internal Control and Compliance Section	
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 <i>Government Auditing Standards</i>	15-16
Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance	17-19
Schedule of Findings and Questioned Costs	20-21
Schedule of Prior Year Audit Findings	22
Supplementary Information	
Schedule of Expenditures of Federal Awards	23-24
Other Information	
Schedule of Capital Assets (Unaudited)	25
Other Required Reports	
Independent Accountant’s Report on Compliance with Arkansas State Requirements	26
Schedule of Statutes Required by Arkansas Department of Education to be Addressed in Independent Accountant’s Report on Compliance	27-28

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Founders Classical Academies of Arkansas
Bentonville, Arkansas

Opinions

We have audited the accompanying financial statements of Founders Classical Academies of Arkansas (the Charter School), which comprise the balance sheets—governmental funds—regulatory basis as of June 30, 2024, the related statements of revenue, expenditures and changes in fund balances—governmental funds—regulatory basis for the year then ended, and the related statements of revenues, expenditures and changes in fund balances—budget and actual—general and special revenue funds—regulatory basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the Charter School as of June 30, 2024, and its revenues and expenditures for the year then ended, in accordance with the regulatory basis financial reporting practices included in the Arkansas Code Annotated §10-4-413(c) and 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 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 Charter School as of June 30, 2024, or the changes in its fund balances for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Charter 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

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

As described in Note 1, the financial statements are prepared by the Charter School in accordance with the accounting practices prescribed or permitted within the provisions of Arkansas Code Annotated §10-4-413(c), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Arkansas Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by the Charter in accordance with the financial reporting practices prescribed or permitted by the Arkansas Department of Education (ADE), which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the regulatory reporting requirements of the ADE. As a result, the financial statements may not be suitable for another purpose. Our opinion on the regulatory basis is not modified.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted within the provisions of Arkansas Code Annotated §10-4-413(c). 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 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

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

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of capital assets (unaudited), which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Board of Trustees
Founders Classical Academies of Arkansas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of the Charter School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter 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 Charter School’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with guidelines published by the Arkansas Department of Education, we have issued our report dated January 28, 2025, on management of Founders Classical Academies of Arkansas’s assertion that the Charter School complied with the requirements of Arkansas Code Annotated §6-1-101 and the applicable laws and regulations, including those listed in the schedule of statutes required to be addressed. The purpose of that report is solely to describe the scope of our testing of management’s assertion of compliance with these requirements and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the Arkansas Department of Education’s audit requirements.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
January 28, 2025

REGULATORY BASIS FINANCIAL STATEMENTS

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
BALANCE SHEETS - GOVERNMENTAL FUNDS - REGULATORY BASIS
JUNE 30, 2024

	Governmental Funds	
	Major	
	General	Special Revenue
ASSETS		
Cash	\$ 3,094,815	\$ 908,299
Accounts receivable	-	394,048
Other assets	10,280	-
TOTAL ASSETS	3,105,095	1,302,347
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	142,846	-
Accrued payroll and related expenditures	553,800	79,648
Total Liabilities	696,646	79,648
Fund Balances		
Restricted	-	1,221,282
Assigned	-	1,417
Unassigned	2,408,449	-
Total Fund Balances	2,408,449	1,222,699
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,105,095	\$ 1,302,347

See accompanying notes to financial statements.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Funds	
	Major	
	General	Special Revenue
REVENUES		
State assistance	\$ 14,086,318	\$ 1,453,993
Federal assistance	-	938,594
Meal sales	-	174,407
Private assistance	-	138,710
Other local revenue	875,405	448,819
Total Revenues	<u>14,961,723</u>	<u>3,154,523</u>
EXPENDITURES		
Instructional services	6,899,096	1,267,934
Instructional support services	566,946	189,008
General administration	679,420	-
School administration	943,481	4,174
Central services	2,025,317	-
Operation and maintenance of plant	3,204,528	1,155,533
Food services	-	414,272
Total Expenditures	<u>14,318,788</u>	<u>3,030,921</u>
EXCESS OF REVENUES OVER EXPENDITURES	642,935	123,602
OTHER FINANCING SOURCES (USES)		
Operating transfers between funds	(12,828)	12,828
Total Other Financing Sources (Uses)	<u>(12,828)</u>	<u>12,828</u>
NET CHANGE IN FUND BALANCES	630,107	136,430
FUND BALANCES - BEGINNING OF YEAR	<u>1,778,342</u>	<u>1,086,269</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,408,449</u></u>	<u><u>\$ 1,222,699</u></u>

See accompanying notes to financial statements.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>			<u>Special Revenue</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
State assistance	\$ 15,116,333	\$ 14,086,318	\$ (1,030,015)	\$ 1,428,157	\$ 1,453,993	\$ 25,836
Federal assistance	-	-	-	886,158	938,594	52,436
Meal sales	-	-	-	110,080	174,407	64,327
Private assistance	-	-	-	-	138,710	138,710
Other local revenue	-	875,405	875,405	202,450	448,819	246,369
Total Revenues	<u>15,116,333</u>	<u>14,961,723</u>	<u>(154,610)</u>	<u>2,626,845</u>	<u>3,154,523</u>	<u>527,678</u>
EXPENDITURES						
Instructional services	7,022,518	6,899,096	123,422	1,231,097	1,267,934	(36,837)
Instructional support services	618,690	566,946	51,744	282,204	189,008	93,196
General administration	512,244	679,420	(167,176)	-	-	-
School administration	1,003,152	943,481	59,671	25,268	4,174	21,094
Central services	1,522,515	2,025,317	(502,802)	-	-	-
Operation and maintenance of plant	3,177,651	3,204,528	(26,877)	1,187,927	1,155,533	32,394
Food services	-	-	-	352,816	414,272	(61,456)
Community services	-	-	-	500	-	500
Total Expenditures	<u>13,856,770</u>	<u>14,318,788</u>	<u>(462,018)</u>	<u>3,079,812</u>	<u>3,030,921</u>	<u>48,891</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,259,563	642,935	(616,628)	(452,967)	123,602	576,569
OTHER FINANCING SOURCES (USES)						
Operating transfers between funds	96,310	(12,828)	(109,138)	(50,910)	12,828	63,738
Total Other Financing Sources (Uses)	<u>96,310</u>	<u>(12,828)</u>	<u>(109,138)</u>	<u>(50,910)</u>	<u>12,828</u>	<u>63,738</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,355,873</u>	<u>\$ 630,107</u>	<u>\$ (725,766)</u>	<u>\$ (503,877)</u>	<u>\$ 136,430</u>	<u>\$ 640,307</u>

See accompanying notes to financial statements.

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Founders Classical Academies of Arkansas is an open-enrollment public charter school operated by ResponsiveEd Arkansas (RAR). a nonprofit, nonsectarian, tax-exempt organization incorporated under the laws of the State of Texas.

On November 1, 2012, ResponsiveEd Texas (RTX) was granted a charter by the Arkansas State Board of Education (the State Board) to operate the Charter School through June 30, 2018. The Charter School was subsequently transferred to ResponsiveEd Arkansas, effective July 1, 2023. In December 2017, the Arkansas Department of Education (ADE) approved the renewal of the charter for an additional ten years, with a new expiration date of June 30, 2028. On June 15, 2021, an amendment was approved reflecting the name change from Northwest Arkansas Classical Academy of Bentonville to Founders Classical Academies of Arkansas. The Charter School, which is operated by RAR in accordance with the ADE *Rules and Regulations Governing Charter Schools*, is comprised of seven individual schools, identified as follows:

<u>School Name</u>	<u>LEA #</u>
Founders Classical Academies of Arkansas Rogers	442701
Founders Classical Academies of Arkansas Bentonville	442702
Founders Classical Academies of Arkansas High School Rogers	442703
Founders Classical Academies of Arkansas West Little Rock Elementary	442704
Founders Classical Academies of Arkansas West Little Rock	442706
Founders Classical Academy Elementary Online	442707
Founders Classical Academy High School Online	442709

The Charter School offers educational opportunities to students in grade levels from kindergarten through the twelfth grade with an enrollment cap of 3,000 students.

As discussed in Note 8, the Charter School is a party to certain agreements and shares certain common board members with RAR, Blue Learning, and Bright Thinker. Blue Learning provides management functions in addition to RAR, while Bright Thinker provides the Blue-X Virtual learning environment. Also, the Charter School shares common board members with Premier High Schools of Arkansas, Premier High School of North Little Rock, and Premier High School of Springdale, hereinafter referred to as the “Related Charter Schools”.

These financial statements include only balances and transactions directly attributable to the Charter School. They do not include any balances or transactions attributable to RAR, Blue Learning, Bright Thinker or the Related Charter Schools other than amounts due from or due to these organizations.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

These financial statements are prepared in accordance with a regulatory basis of accounting. This basis of accounting is prescribed by Arkansas Code Annotated §10-4-413(c), as set forth in the Arkansas Department of Education *Rules Governing the Regulatory Basis of Accounting* (RBA), which requires that financial statements be presented on a fund basis with, at a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet - regulatory basis; a statement of revenues, expenditures, and changes in fund balances – regulatory basis; a comparison of the final adopted budget to the actual expenditures for the general fund of the entity and the special revenue fund of the entity; notes to the financial statements; and an unaudited supplemental schedule of capital assets that includes land, buildings, and equipment. The law further stipulates that the State Board shall promulgate the rules necessary to administer the RBA.

The RBA is not in accordance with U.S. generally accepted accounting principles (U.S. GAAP). U.S. GAAP require the following major concepts: management’s discussion and analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, 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.

Fund Accounting

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

Major governmental funds (per the RBA) are defined as General and Special Revenue.

- a. **The General Fund** – The General Fund is used to account for and report all financial resources and operating expenditures, except those that are required to be reported in the special revenue fund.
- b. **The Special Revenue Fund** – The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The Special Revenue Fund includes federal and state revenues and related expenditures restricted for educational programs or projects. The Special Revenue Fund also includes activity funds in which the Charter School has administrative involvement in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

The Charter School had no other funds during the year ended June 30, 2024.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Accounting Policies

- a. **Revenue Recognition** – Revenues are recognized when they become susceptible to accrual in accordance with the RBA.
- b. **Interfund Receivables and Payables** – Receivables and payables resulting from short-term interfund advances are classified as due to or due from other funds. As of June 30, 2024, there were no due to or due from other funds.
- c. **Capital Assets** – Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at estimated fair value when received.

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned or unassigned. Non-spendable fund balance represents amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Charter School’s governing body. Assigned fund balance represents amounts that are constrained by the Charter School’s intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance consists of the net resources in excess of amounts classified as non-spendable, restricted, committed or assigned. As of June 30, 2024, there were no non-spendable or committed fund balances. Assigned fund balances consisted entirely of activity funds in which the Charter School has administrative involvement.

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

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

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data

The Charter School is required by state statute to prepare an annual budget. The budget is required to be approved by the Charter School’s Board and submitted to the ADE no later than September 30 of each year. Budget amendments, if any, are not required to be submitted for approval to ADE. The Charter School’s budget is prepared utilizing the RBA. 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.

Estimates

The preparation of financial statements in conformity with the RBA requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and various disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH

The Charter School’s cash consists of demand deposits maintained at a financial institution. State statutes require that the Charter School’s funds be deposited in banks located in the State of Arkansas and that all deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits be collateralized. In the event of an institutional failure, any excess cash balances over FDIC insurance may not be recoverable. The Charter School received a waiver of the requirement for the situs of the bank from the ADE allowing it to maintain cash balances at a financial institution in Texas. The Charter School’s bank has an agreement to hold collateral to insure bank deposit balances of all state and federal funds that exceed FDIC limits. The Charter School’s cash is maintained in a demand deposit account that is shared with the Related Charter Schools. At June 30, 2024, the bank balance of the combined demand deposit account totaled \$7,563,627, which was fully collateralized.

NOTE 3 – ACCOUNTS RECEIVABLE

The accounts receivable balance of \$394,048 at June 30, 2024, was comprised of grant balances receivable in the Special Revenue funds.

NOTE 4 – ACCRUED PAYROLL AND RELATED EXPENDITURES

Charter School teachers are employed from August 2023 through June 2024, which is the academic school year. Teachers may elect to be paid over a 12-month period. As of June 30, 2024, the Charter School has recorded a liability for the unpaid salaries in the general and special revenue funds in the amounts of \$553,800 and \$79,648, respectively, for those employees paid on a 12-month period.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – LEASES

The Charter School conducts its administrative and school activities at two facilities that are leased in Bentonville, Arkansas from RAR on a month-to-month basis. One lease agreement requires monthly rent payments of \$63,500. The other facility required monthly payments for July 2023 of \$13,754, increasing to \$23,736 per month through June 2024.

The Charter School in Rogers, Arkansas, conducts its administrative and school activities at a facility that is leased from RAR on a month-to-month basis. The lease agreement requires monthly rent payments of \$121,000.

The Charter School in Little Rock, Arkansas, conducts its administrative and school activities at a facility that is leased from RAR on a month-to-month basis. The lease agreement requires monthly rent payments of \$47,000.

The Charter School has the option to terminate these leases at any time, provided at least thirty days written notice is given to RAR of such intent. Upon early termination, the Charter School will be required to reimburse RAR for any unamortized amount of tenant improvement cost, if any have been paid for by the landlord.

Rental expense for the facilities amounted to \$3,249,083 for the year ended June 30, 2024.

NOTE 6 - RETIREMENT PLAN

Plan Description

The Charter School participates in the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public and charter school employees, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by state law and can be amended only by the Arkansas General Assembly. The ATRS 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 1-501-682-1517.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - RETIREMENT PLAN (CONTINUED)

Funding Policy

ATRS has contributory and non-contributory plans. Contributory members are required by state law to contribute 7.00% of their salaries. Each participating employer is required by state law to contribute at a rate determined by the ATRS Board of Trustees, based on the annual actuarial valuation. The employer rate at June 30, 2024, is 15.00% of covered salaries. The Charter School's contributions to ATRS for the year ended June 30, 2024, was approximately \$ 1,128,253, which was equal to the required contributions.

Net Pension Liability

The ADE has stipulated that the requirements of GASB No. 68 under RBA are limited to disclosure of the Charter School's proportionate share of the collective net pension liability. The Charter School's proportionate share of the collective net pension liability as of June 30, 2024, (the most recent actuarial valuation date and measurement date) was \$8,705,872.

NOTE 7 – ON BEHALF PAYMENTS

During the year ended June 30, 2024, health insurance premiums of \$227,230 were paid by the ADE on behalf of Charter School employees. This amount is not included in revenues or expenditures in the Charter School's financial statements.

NOTE 8 – ACADEMIC AND BUSINESS SERVICES AGREEMENT

RAR, Blue Learning, and Bright Thinker provide the Charter School with personnel and certain services including implementing educational programs, virtual learning platforms, personnel management, facility and property management, business administration, budgeting and financial reporting, financial management, maintenance of records, pupil recruitment and admissions, family services, student discipline, annual reports, teacher training and professional development, charter renewal, public and governmental relations and any other services which may be agreed to in writing.

These services are provided pursuant to management agreements and related amendments (the Agreements) executed between RAR, Blue Learning, and Bright Thinker and the Charter School. The Agreements provide that RAR, Blue Learning, and Bright Thinker are entitled to receive management fees equal to a percentage of the Charter School's state foundation funding. During the year ended June 30, 2024, management fees to RAR, Blue Learning, and Bright Thinker from the Charter School were \$2,215,474.

NOTE 9 – RELATED PARTY TRANSACTIONS AND BALANCES

The Related Charter Schools and RAR share employees and other expenses. These transactions create payables/receivables between the Related Charter Schools and RAR. There were no related party receivables between the Related Charter Schools and RAR as of June 30, 2024. The Charter School leases its facilities from RAR and participates in academic and business service agreements with RAR, Blue Learning, and Bright Thinker, as described in Note 5 and Note 8, respectively.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The Charter School entered into an agreement with a contractor who was a related party to a Charter School employee. The Charter School entered into this agreement under terms equivalent to those that prevail in an arm's length transaction.

NOTE 10 – RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The Charter School has purchased commercial insurance to address these risks.

NOTE 11 – CONCENTRATIONS

The Charter School is economically dependent on funding received through state awards. During the year ended June 30, 2024, approximately 86% of total revenues were from state awards.

NOTE 12 – SUBSEQUENT EVENTS

The Charter School has evaluated events through January 28, 2025, the date on which the financial statements were available to be issued, and has determined that no additional disclosures are necessary.

INTERNAL CONTROL AND COMPLIANCE SECTION



**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 Board of Trustees of
Founders Classical Academies of Arkansas
Bentonville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund of Founders Classical Academies of Arkansas (the “Charter School”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School’s regulatory basis financial statements, and have issued our report thereon dated January 28, 2025. We issued an adverse opinion because the Charter School prepared the financial statements on the regulatory basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The effects on the financial statements of the variances between the regulatory basis of accounting and U.S. GAAP, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund of the Charter School as of June 30, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Charter School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

Report on Internal Control over Financial Reporting (continued)

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's regulatory basis 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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
January 28, 2025

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Founders Classical Academies of Arkansas
Bentonville, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Founders Classical Academies of Arkansas’s (the “Charter School”) compliance 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 Charter School’s major federal programs for the year ended June 30, 2024. The Charter 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 Charter 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, 2024.

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 of Compliance section of our report.

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Charter School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Charter School’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Charter 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 Charter School's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

The Board of Trustees
Founders Classical Academies of Arkansas

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
January 28, 2025

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: U.S. GAAP Basis – Adverse Regulatory Basis - Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiency(ies) identified? None Reported

Noncompliance material to the financial statements noted? None Reported

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? None Reported
- Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? None Reported

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
AL #84.027	IDEA - Part B, Formula
AL #84.027X	COVID-19 - Special Education School Age
AL #84.173	IDEA - Part B, Preschool
AL #84.173X	COVID-19 - Special Education Early Childhood

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

Auditee qualified as low-risk auditee? Yes

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION II – Financial Statement Findings

**Details of findings related to the financial statements which are required to be reported in accordance with
*Government Auditing Standards:***

There were no reported findings or questioned costs related to the financial statements or *Government Auditing Standards*.

SECTION III – Federal Awards Findings and Questioned Costs

Details of findings and questioned costs relating to federal awards:

There were no reported findings or questioned costs related to federal awards.

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2024**

Program/Finding

Description

No findings were reported in the prior year.

SUPPLEMENTARY INFORMATION

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
Passed Through the Arkansas Department of Education:			
Special Education Cluster (IDEA)			
IDEA - Part B, Formula	84.027	H027A220018	\$ 338,400
COVID-19 - Special Education School Age	84.027X	H027X210018	839
IDEA - Part B, Preschool	84.173	H173A220021	4,916
COVID-19 - Special Education Early Childhood	84.173X	H173X210021	1,581
Total Special Education Cluster (IDEA)			<u>345,736</u>
ESEA, Title I, Part A - Improving Basic Programs	84.010	S010A220004	45,090
Title III, Part A - English Language Acquisition	84.365	S365A210004	26,296
Title IV, Part A, Subpart I	84.424A	S424A210004	9,043
COVID-19 - ESSER III	84.425U	S425U210039	131,425
High Impact Tutoring	84.425U	442700	94,119
Total Passed Through the Arkansas Department of Education			<u><u>651,709</u></u>
Passed Through the Arkansas Public School Resource Center:			
Charter School Program Grant	84.282A	U282A180006	52,217
Total Passed Through the Arkansas Public School Resource Center:			<u><u>52,217</u></u>
Total U.S. Department of Education			<u><u>703,926</u></u>
U.S. Department of Agriculture			
Passed Through the Arkansas Department of Education:			
COVID-19 Supply Chain Assistance 2023	10.555	226AR400N8903	23,943
COVID-19 Supply Chain Assistance 2024	10.555	226AR400N8903	22,967
Child Nutrition Cluster			
National School Lunch Program - 2023	10.555	226AR321N1199	25,514
National School Lunch Program - 2024	10.555	236AR321N1199	83,555
School Breakfast Program - 2023	10.553	226AR321N1199	2,768
School Breakfast Program - 2024	10.553	236AR321N1199	18,922
Total Child Nutrition Cluster			<u>130,759</u>
Total Passed Through the Arkansas Department of Education			<u><u>177,669</u></u>
Total U.S. Department of Agriculture			<u><u>\$ 177,669</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Health and Human Services			
Passed Through the Arkansas Department of Education:			
Promoting Adolescent Health	93.079	NU87DP000032	\$ 368
Arkansas Medicaid Administrative Claiming	93.778	442700	36,919
Total Passed Through the Arkansas Department of Education			37,287
Total U.S. Department of Health and Human Services			37,287
Total Expenditures of Federal Awards			\$ 918,882

Notes to Schedule of Expenditures of Federal Awards:

1. The Schedule of Expenditures of Federal Awards is prepared on the regulatory basis of accounting prescribed by Arkansas Code Annotated §10-4-413(c), as set forth in the Arkansas Department of Education *Rules Governing the Regulatory Basis of Accounting*.
2. The Charter School's restricted indirect cost rate was 3.88% for federal awards, where applicable.
3. Reconciliation of the Schedule of Expenditures and Federal Awards to the Federal Assistance on the Statement of Revenues, Expenditures, and Fund Balances.

Total Expenditures of Federal Awards as presented on the SEFA	\$	918,882
Federal Funds received in a PY but spent in CY		
COVID-19 Supply Chain Assistance 2022	10.555	(23,943)
COVID-19 Supply Chain Assistance 2023	10.555	(22,967)
Federal Funds received in a CY but not spent in CY		
Title IV, Part A, Subpart I	84.424A	24,714
COVID-19 Supply Chain Assistance 2024	10.555	41,908
Federal Assistance on Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	938,594

See accompanying notes to Schedule of Expenditures of Federal Awards.

OTHER INFORMATION

**FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS
SCHEDULE OF CAPITAL ASSETS (UNAUDITED)
JUNE 30, 2024**

DEPRECIABLE CAPITAL ASSETS

Equipment	\$ 394,059
Furniture	157,999
Leasehold Improvements	266,935
Accumulated Depreciation	<u>(496,645)</u>
 TOTAL DEPRECIABLE CAPITAL ASSETS, NET	 <u><u>\$ 322,348</u></u>

OTHER REQUIRED REPORTS

**INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

To the Board of Trustees of
Founders Classical Academies of Arkansas
Bentonville, Arkansas

We have examined management of Founders Classical Academies of Arkansas's (the "Charter School") assertion that the Charter School 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, 2024. The Charter School's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion 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 assertion. 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the Charter School's compliance with specified requirements.

In our opinion, management's assertion that the Charter School complied with the aforementioned requirements is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Trustees, management, and the Arkansas Department of Education and is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
January 28, 2025

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS

SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED IN INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE YEAR ENDED JUNE 30, 2024

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding & Purchasing Commodities	6-21-301 – 6-21-305; 6-13-628
Ethical Guidelines and Prohibitions	6-24-101 et. seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	
• School Debt	6-20-402
• District School Bonds	6-20-1201-6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Investment of Funds	19-1-504
Management of Schools	
• Board of Directors	6-13-608; 6-13-611-- 6-13-613; 6-13-617 – 6-13-620; 6-13-622
• District Treasurer	6-13-701
• Warrants/checks	6-17-918 - 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et. seq.
Classified Employees	6-17-2201 et. seq.; 6-17-2301 et. seq.
School Elections	6-13-630; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• Personnel Policies	6-17-201 et. seq., 6-17-2301
• Employment and Assignment	6-17-301 et. seq.
• Teacher's Licensure/Background Checks	6-17-401 et. seq.
• Teacher Contracts	6-17-801 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; 6-17-2401 et seq.
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 amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
School District Procurement Law	6-21-301 et. seq.
Fiscal Accountability	6-20-1901, et. seq.

FOUNDERS CLASSICAL ACADEMIES OF ARKANSAS

**SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION
TO BE ADDRESSED IN INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
YEAR ENDED JUNE 30, 2024**

(CONTINUED)

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

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

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

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