

**WESTWIND SCHOOL FOR THE PERFORMING ARTS**

**PULASKI COUNTY, ARKANSAS**

**REGULATORY BASIS FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**

**with**

**INDEPENDENT AUDITOR'S REPORT**

**LISA STEPHENS CERTIFIED PUBLIC ACCOUNTANT, PLC**

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
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JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Westwind School for the Performing Arts

### Report on the Audit of the Financial Statements

#### *Opinion*

I have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of Westwind School for the Performing Arts (the "Charter School"), as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter School's regulatory basis financial statements as listed in the table of contents.

#### *Unmodified Opinions on Regulatory Basis of Accounting*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Charter School, as of June 30, 2024, and the respective regulatory basis changes in financial position and the respective regulatory budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Arkansas Code Ann. § 10-4-413 (c) as provided in Act 2201 of 2005 described in Note 1.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Westwind School for the Performing Arts as of June 30, 2024, or the changes in financial position for the year then ended.

#### *Basis for Opinion*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Westwind School for the Performing Arts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting practices prescribed or permitted by the Arkansas Code Ann. § 10-4-413 (c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

My objective is 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors  
Westwind School for the Performing Arts

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Information***


Management is responsible for the other information included in the report. The other information comprises of the Schedule of Capital Assets but does not include the regulatory basis financial statements, supplementary information, and our other auditor's report thereon. My opinions on the regulatory basis financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, I have also issued my report dated June 7, 2025, on my consideration of the Charter School's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Charter School's internal control over financial reporting and compliance.

To the Board of Directors  
Westwind School for the Performing Arts

A handwritten signature in black ink that reads "Lisa Stephens". The signature is enclosed within a thin, light-colored rectangular border.

Lisa Stephens Certified Public Accountant, PLC  
Conway, Arkansas  
June 7, 2025

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2024**

	Governmental Funds			
	Major			
	General Revenue	Special Revenue	Other Aggregate	Other Aggregate
<b>ASSETS</b>				
Cash and cash equivalents	\$ 144,080	\$ -	\$ 23,782	\$ 1,710
Accounts receivable	14,000	366,507	4,378	-
<b>Total Assets</b>	<u>\$ 158,080</u>	<u>\$ 366,507</u>	<u>\$ 28,160</u>	<u>\$ 1,710</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 204	\$ 312,000	\$ -	\$ -
Due to student groups	-	-	-	1,710
<b>Total Liabilities</b>	<u>204</u>	<u>312,000</u>	<u>-</u>	<u>1,710</u>
<b>Fund Balances</b>				
Restricted	459	54,507	28,160	-
Unassigned	157,417	-	-	-
<b>Total Fund Balances</b>	<u>157,876</u>	<u>54,507</u>	<u>28,160</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 158,080</u>	<u>\$ 366,507</u>	<u>\$ 28,160</u>	<u>\$ 1,710</u>

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2024**

	Major		Other Aggregate
	General Revenue	Special Revenue	
<b>REVENUES</b>			
State assistance	\$ 836,755	\$ 1,245	\$ 42,999
Federal assistance	-	694,360	-
Other revenues	145,771	7,343	-
<b>Total Revenues</b>	<u>982,526</u>	<u>702,948</u>	<u>42,999</u>
<b>EXPENDITURES</b>			
Regular programs	447,698	62,324	-
Special education	510	3,194	-
Compensatory education	8,450	56,895	-
Other instructional programs	-	-	-
Support services - students	57,498	4,000	-
Support services - instructional staff	63,378	259,481	-
Support services - general administration	124,861	-	-
Support services - school administration	70,481	28,138	-
Support services - business services	46,247	-	-
Support services - M & O	135,578	122,125	20,000
Student transportation services	66,702	88,445	-
Food services operations	-	82,151	-
Nonprogrammed expenses	-	-	-
<b>Total Expenditures</b>	<u>1,021,403</u>	<u>706,753</u>	<u>20,000</u>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	(38,877)	(3,805)	22,999
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>196,753</u>	<u>58,312</u>	<u>5,161</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 157,876</u>	<u>\$ 54,507</u>	<u>\$ 28,160</u>

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
YEAR ENDED JUNE 30, 2024**

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
State assistance	\$ 780,511	\$ 836,755	\$ (56,244)	\$ -	\$ 1,245	\$ (1,245)
Federal assistance	-	-	-	289,820	694,360	(404,540)
Other revenues	100,000	145,771	(45,771)	-	7,343	-
<b>Total Revenues</b>	880,511	982,526	(102,015)	289,820	702,948	(405,785)
<b>EXPENDITURES</b>						
Regular programs	421,228	447,698	(26,470)	-	62,324	(62,324)
Special education	1,000	510	490	22,510	3,194	19,316
Compensatory education	-	8,450	(8,450)	-	56,895	(56,895)
Other instructional programs	-	-	-	-	-	-
Support services - students	66,105	57,498	8,607	2,000	4,000	(2,000)
Support services - instructional staff	60,435	63,378	(2,943)	86,315	259,481	(173,166)
Support services - general administration	90,000	124,861	(34,861)	-	-	-
Support services - school administration	77,606	70,481	7,125	-	28,138	(28,138)
Support services - central services	45,300	46,247	(947)	-	-	-
Support services - M & O	84,500	135,578	(51,078)	-	122,125	(122,125)
Student transportation services	-	66,702	(66,702)	20,094	88,445	(68,351)
Food services operations	-	-	-	100,000	82,151	17,849
Other programmed services	600	-	-	500	-	500
<b>Total Expenditures</b>	846,774	1,021,403	(175,229)	231,419	706,753	(475,334)
<b>Excess of Revenues Over (Under) Expenditures</b>	33,737	(38,877)	73,214	58,401	(3,805)	69,549
<b>FUND BALANCE - BEGINNING OF YEAR</b>	196,753	196,753	-	58,312	58,312	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 230,490	\$ 157,876	\$ 73,214	\$ 116,713	\$ 54,507	\$ 69,549

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Westwind School for the Performing Arts (Charter School). The Charter School is an open-enrollment charter school, and the sponsoring entity is Westwind Performing Arts Foundation.

Description of Funds

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

Major individual governmental funds are reported as separate columns in the fund financial statements:

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

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

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

*Capital Projects Fund* - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to 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.

Fiduciary Fund types include the following:

*Custodial Funds* - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). As of June 30, 2023, the Charter did not have any fiduciary funds.

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus and Basis of Accounting

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

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

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

Revenue Recognition Policies

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

Interfund Receivables and Payables

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

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets

Information on capital assets and related depreciation is reported on the Schedule of Capital Assets. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The Charter School maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

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>
Equipment	5 - 20

Income Taxes

The Charter 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. Consequently, no provision for income taxes is reflected in the accompanying financial statements. Additionally, the Charter has been classified as an organization that is not a private foundation under Section 509(a).

Budget and Budgetary Accounting

The Charter School is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The Charter 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 Charter Schools employ the cash basis method.

The Charter 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 and 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 Charter 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.

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Interfund Receivables and Payables

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

Fund Balance Classifications

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

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

*Restricted Fund Balance* – includes amounts that can only be spent for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

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

*Assigned Fund Balance* – includes amounts intended to be used by the Charter’s School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.

*Unassigned Fund Balance* – includes the residual amount for the Charter School’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Arrangements

The Charter School’s Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

Minimum Fund Balance Policies

The Charter School’s Board of Education has not formally adopted a minimum fund balance policy.

Encumbrances

The Charter School does not utilize encumbrance accounting.

Use of Estimates

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

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 57,750	\$ 160,911

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2024 was comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
State assistance	\$ 14,000	\$ -	\$ 4,378
Federal assistance	-	366,507	-
Totals	\$ 14,000	\$ 366,507	\$ 4,378

**NOTE 4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities at June 30, 2024 were comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 204	\$ 312,000	\$ -
Totals	\$ 204	\$ 312,000	\$ -

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5: COMMITMENTS**

The Charter School was contractually obligated for the following at June 30, 2024:

Operating Lease (noncapital lease with initial noncancellable lease terms in excess of one year)

General description of lease and leasing arrangements:

Real property for 60 months, beginning July 1, 2021, with monthly payments to the Team Summitt, LLC.

Future minimum rental payments:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 204,000
2026	204,000

Rental payments for the operating leases described above were approximately \$102,000 for the year ended June 30, 2024.

**NOTE 7: COMPENSATED ABSENCES**

Charter School employees are entitled to paid vacation and sick leave, depending on the length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Costs of compensated absences are recognized when actually paid to employees. Additionally, compensated absences are not includable in the financial statements under the Regulatory Basis of Accounting (RBA) as adopted by the State of Arkansas and administered by the Arkansas State Board of Education.

**NOTE 8: SIGNIFICANT CONCENTRATION**

The Charter School is economically dependent on funding received through state and federal assistance. Approximately 91% of total revenues were from state and federal sources for the year ending June 30, 2024. Additionally, the Charter School's received \$153,114 from other school sources (9% of total revenues).

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9: RETIREMENT PLAN**

Arkansas Teacher Retirement System

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

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries, the maximum allowed by State law. The Charter School's contributions to ATRS for the year ended June 30, 2024 were \$72,330, 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 Charter School's proportionate share of the collective net pension liability. The Charter School's proportionate share of the collective net pension liability at June 30, 2023 (actuarial valuation date and measurement date) was \$523,976.

**NOTE 10: CONTINGENCIES**

The Charter School participates in federally assisted grant programs. The Charter 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.

**NOTE 11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, paid on-behalf of the Charter School's employees, was \$7,973 for the year ending June 30, 2024.

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 12: RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Charter School carries commercial insurance for board liability, employee liability, building, contents, and workers' compensation.

The Charter 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.

Settled claims have not exceeded coverage during the fiscal year.

**NOTE 13: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS  
DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	\$ 459	\$ -	\$ -
Building fund	-	-	28,160
Medicaid	-	11,409	
Arkansas Arts Council		16,800	
Title I Education		3,655	
Child nutrition programs	-	22,643	-
Total Restricted	<u>459</u>	<u>54,507</u>	<u>28,160</u>
Unassigned	<u>157,417</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 157,876</u>	<u>\$ 54,507</u>	<u>\$ 28,160</u>

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 14 : RELATED PARTY**

The Charter School maintained a bank balance with Southern Bancorp Bank at times during the fiscal year ended June 30, 2024. A member of the Charter’s School’s Board of Education and supporting foundation, is Chief of Staff of this financial institution.

The Charter School paid for a facility lease to a company, in which a parent and sibling of the Executive Director are owners. In accordance with Ark. Code Ann. 6-24-105, a resolution to conduct business with this company was adopted by the Charter School’s Board of Education and approved by the Arkansas Division of Elementary and Secondary Education.

**NOTE 15: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 7, 2025, the date which the financial statements were available for issue.

In August 2023, the Charter entered into a three-month lease agreement for a 2019 bus for a total rental cost of \$11,500 plus any excess mileage.

**NOTE 16: COMPONENT UNIT**

The financials do not include assets, net assets, and changes in net assets of the Westwind School for the Performing Arts Foundation. The Foundation operates as a nonprofit organized exclusively for charitable and education purposes. As summary of the Foundation’s financial condition (unaudited) as of December 31, 2023, is as follows:

Assets	
Cash	\$ <u>43,161</u>
Total Assets	\$ <u>43,161</u>
Liabilities and Net Assets	
Liabilities	\$ 43,035
Net assets	<u>126</u>
Total Liabilities and Net Assets	\$ <u>43,161</u>
Revenue	\$ -
Expenditures	<u>43,035</u>
Net Income	\$ <u>43,035</u>

**WESTWIND SCHOOL FOR THE PERFORMING ARTS  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
YEAR ENDED JUNE 30, 2024  
(UNAUDITED)**

	Balance <u>June 30, 2024</u>
<b>DEPRECIABLE CAPITAL ASSETS:</b>	
Equipment	\$ 303,980
Total depreciable capital assets	<u>303,980</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>	
Equipment	<u>60,254</u>
Total accumulated depreciation	<u>60,254</u>
 <b>CAPITAL ASSETS, NET</b>	 <u><u>\$ 243,726</u></u>

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## 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

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Westwind School for the Performing Arts

I 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 governmental fund of Westwind School for the Performing Arts, 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 my report thereon dated June 7, 2025. We have issued an adverse opinion because the Charter School prepared the financial statements on the 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. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. 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 the 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.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered Friendship Aspire Academy Arkansas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westwind School for the Performing Art's internal control. Accordingly, I do not express an opinion on the effectiveness of the Westwind School for the Performing Art'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.

To the Board of Directors  
Westwind School for the Performing Arts  
Page Two

My 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 my audit, I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Westwind School for the Performing Art's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I 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 my testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lisa Stephens*

Lisa Stephens Certified Public Accountant, PLC  
Conway, Arkansas  
June 7, 2025

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Trustees  
Westwind School for the Performing Arts  
Little Rock, Arkansas

I have examined management's assertions that Westwind School for the Performing Arts substantially complied with the requirements off Arkansas Code Annotated 6-1-101 and the applicable laws and regulations, including those listed in the accompanying schedule of statues required to be addressed by the Arkansas Department of Education during the year ended June 30, 2024. Management is responsible for the Charter School's compliance with those requirements. My responsibility is to express an opinion on management's assertions about the Charter School's compliance based on my examination.

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

In my opinion, Westwind School for the Performing Arts compiled with the aforementioned requirements for the year ended June 30, 2024.

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 intended to be and should not be used by anyone other than these specified parties.

*Lisa Stephens*

Lisa Stephens Certified Public Accountant, PLC  
Conway, Arkansas  
June 7, 2025