

**BEFORE THE ARKANSAS DEPARTMENT EDUCATION
STATE BOARD OF EDUCATION**

FEBRUARY 14, 2019

E X H I B I T S

A-2: HAAS HALL ACADEMY - ANNUAL REPORTING

EXHIBIT ONE (1)

Report by Carol Wilder, "The Handling of Students with IEPs and 504 Plans by Haas Hall"

EXHIBIT TWO (2)

Report by Elizabeth Lyon-Bailey, "Remarks in Response to 'Diversity and Partnership Report'"

A-3(a): DIERKS SCHOOL DISTRICT - WAIVER REQUEST

EXHIBIT ONE (1)

District Waiver Request Outline

A-4: PINE BLUFF LIGHTHOUSE ACADEMY - RENEWAL HEARING

EXHIBIT ONE (1)

ACT Aspire Interim Report

B-14: LRSD DYSLEXIA PROGRAM REPORT

EXHIBIT ONE (1)

"Dyslexia Audit Response," by Supt. Michael Poore

C E R T I F I C A T E

I, SHARON K. HILL, a Certified Court Reporter, do hereby certify that the exhibits contained herein, and as listed above, are true and correct copies of the exhibits provided to me in the captioned matter.

WITNESS MY HAND AND SEAL THIS DATE: February 23, 2019.



Sharon K. Hill

SHARON K. HILL, CCR
Certified Court Reporter
Certificate No. 670



A-2: HAAS HALL ACADEMY
EXHIBIT ONE (1)

SHARON K. HILL, CCR
(501) 680-0888

Elizabeth Lyon-Ballay:
 Remarks in Response to "Diversity and Partnership Report"
 Presented by Haas Hall Academy to Arkansas Board of Education on February 14, 2019

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Good morning, Commissioner Key, Dr. Barth, and members of the board. My name is Elizabeth Lyon-Ballay. I am here to oppose the "Diversity and Partnership Report" presented by Haas Hall Academy.

The administration of Haas Hall Academy operates in bad faith. Asking them to compile and present their own data is an invitation for the Haas Hall administration to lie and perjure themselves, as I believe they have done habitually, throughout their operation of their charter schools.

I only have three minutes, so I need to talk fast. To help you process my assertions, I am providing a printed copy of my remarks, along with an outline of additional information and a packet of supporting documents that you can review at your leisure.

1. Haas Hall's 2019 "Diversity and Partnership Report" is incomplete because it does not address students who qualify for Special Education under the federal IDEA law. The report also doesn't address the racial makeup of the school's leadership team. BOTH of these items are explicitly required by Reginald Ballard in his letter¹ to Dr. Schoppmeyer dated January 28, 2019.
 - a. "The report should include, but is not limited to, information on leadership team diversity demographics, poverty, free and reduced lunch student recruitment, and student special education and English Language Learner demographics." - Ballard
 - b. Carol Widder, who is providing her own public comment in response to Haas Hall's Diversity Report today, asserts that SPED students have been systematically deprived of their civil rights at Haas Hall.
2. As of two months ago (in December, 2018) Haas Hall did not identify any English Language Learners, because Superintendent Martin Schoppmeyer asserted that none of the students who came from non-English speaking homes required any ELL assistance. Between then and now, Haas Hall's ELL-identification percentages have risen from zero to 6.56% in Fayetteville, 9.77% in Bentonville, 4.31% in Rogers, and 7% in Springdale. Why the sudden increase? And why are these ELL numbers so deficient, relative to their surrounding districts, in Rogers and Springdale? Haas Hall's expansions into Springdale and Rogers were approved SPECIFICALLY to increase diversity among Haas Hall's student community. These campuses are clearly not fulfilling their intended purpose.
 - a. ELL identification requirements CANNOT be waived².
 - i. Haas Hall originally chose not to identify³ ELL students because Dr S asserted that they did not need ELL assistance.
 - ii. Tricia Kerr (ESOL Program Director at the ADE) coached⁴ Haas Hall on their responsibilities to ELL students.
 - iii. In response to Kerr's coaching, Dr. Schoppmeyer appointed his sister (Susan Bendure, who is an unpaid volunteer⁵ at Haas Hall and also Haas Hall's APSCN director) and Francine Fisher (Haas Hall's dyslexia coordinator) as "interim ESOL coordinators"
 1. Having an unpaid volunteer (Susan Bendure) accessing student files (APSCN and ESOL) is a violation of the federal FERPA⁶ law
3. In 2016, Robert Maranto, Kelly Magoulick, and Gary Compton sent assertions of preferential enrollment/exclusion of students to the ADE. The Board should have used its subpoena power

Elizabeth Lyon-Ballay:
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to investigate these allegations. The ADE should have compared APSCN attendance records with enrollment lottery & waiting list results for every year of Haas Hall's existence, but it did not⁷. Instead, the ADE sent representatives to observe Haas Hall's lottery drawing on March 30, 2016, without first checking whether the names entered into the drawing were entered correctly -- especially considering that the school didn't yet have permission to grant preference to siblings of current students,-- and without following up by auditing the notification/acceptance process or comparing the lottery results with APSCN student attendance records.

- a. Some of the assertions about the Haas Hall enrollment lottery were made by Kelly Magoulick in her complaint letter⁸ of February 17, 2016.
 - i. Ms. Magoulick's complaint letter was received by Mark Gotcher, Alexandra Boyd, Deborah Coffman, and Kendra Clay at the Arkansas Department of Education.
 - ii. Ms. Magoulick also wrote to Alexandra Boyd⁹ at the ADE in April, 2016, asking to be included on the agenda for the Charter Authorizing Panel or the BoE, and describing threatening letters that Mark Henry was sending her on behalf of Haas Hall.
 - iii. The ADE never disclosed Ms. Magoulick's complaint letter or her request to speak to the State Board of Education, even though Dr. Jay Barth requested copies of all complaints and "tangible concerns" about the Haas Hall enrollment lottery at the BoE meeting on June 19, 2016.
 - iv. Mark Henry, on behalf of Haas Hall, testified¹⁰ to the State Board of Education on May 18, 2016 that these past irregularities were the fault of Kelly Magoulick, who had since stopped working at Haas Hall.
- b. Another assertion¹¹ about faulty enrollment lottery processes came on February 16, 2016 from Dr. Robert Maranto, the 21st Century Chair in Leadership at the Department of Education Reform at the University of Arkansas.
 - i. Dr. Schoppmeyer promised¹² Dr. Maranto that the Maranto children would have spots at Haas Hall when they became old enough.
 - ii. Dr. Schoppmeyer denied the Maranto children spots at Haas Hall when they became old enough (said they didn't make it in the lottery.)
 - iii. The lottery for 2013 was nominally Kelly Magoulick's responsibility, but she asserts that the Schoppmeyer family conducted the lottery privately, without notice.
- c. Another complaint¹³ about Haas Hall's dishonest lottery process arrived on March 18, 2016 from Dr. Gary Compton, Assistant Superintendent of Support Services in Springdale Public Schools and a member of the Advisory Board of the Office of Education Policy at the U of A.
 - i. Dr. Compton suggested a "special investigative counsel to lead the inquiry" into Haas Hall's false lottery.
 - ii. Dr. Compton's email was received by Mark Gotcher at the ADE, who forwarded it to Commissioner Johnny Key and Special Counsel Kendra Clay
 - iii. The ADE did not disclose Dr. Compton's email to the State Board of Education in its agenda for the BoE meeting on July 14, 2016, where all complaints and "tangible concerns" were supposed to be presented and reviewed.

Elizabeth Lyon-Ballay:

Remarks in Response to "Diversity and Partnership Report"

Presented by Haas Hall Academy to Arkansas Board of Education on February 14, 2019

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4. In 2017, Heather Holaway (Haas Hall's marketing director) took over management of Haas Hall's enrollment lottery. Ms. Holaway's digital, randomized enrollment lottery has forced Haas Hall to become more devious about hiding its preferential enrollment practices. I am submitting documents that show Heather Holaway believes this year's lottery drawing -- for the 2018-19 school year -- was a sham¹⁴. She asserts that the lottery website was DOWN during the "drawing," but somehow generated a spreadsheet of results nevertheless. Surely the Board of Education could compare time stamps on the lottery website with time stamps on the video of Haas Hall's enrollment lottery to check whether the lottery website was actually the source of the enrollment lottery results, right?
 - a. Heather Holaway cannot discuss this assertion without a subpoena, because she is bound by a non-disclosure agreement¹⁵ that Haas Hall required her to sign in order to pick up her last paycheck.
 - b. Matthew Cunningham, a former Haas Hall student who wrote the code for the lottery program, asserts that Dr. Schoppmeyer paid him cash¹⁶ for the programming work in 2016.
 - c. Matthew Cunningham gave access¹⁷ to the lottery code to John Daily¹⁸, a Haas Hall computer science teacher, thereby breaking the promise Heather Holaway had made to the State Board of Education and to Haas Hall stakeholders that no "faculty member at any school [would have] access to the backend of the system," in an effort to preserve transparency.
5. Haas Hall Academy is not just dishonest about its efforts to promote diversity among its student body and administration. Haas Hall has a long history of dishonesty regarding its finances. Haas Hall funnels private donations and public money through its private foundation in order to present its financial situation to the State Board of Education and to the general public favorably, but falsely. Haas Hall only follows the mandated, annual "legislative audit" process for the accounts held by The Academy, Inc. -- but NOT its Foundation bank accounts, even though The Academy Foundation is operated solely by the superintendent, his wife, and his mother, and pays for Haas Hall's school buildings, legal fees, advertising expenses, broken lease agreements, supplies, academic expenses, and school staff working as independent contractors.
 - a. Annual Fund webpage¹⁹ lists major donors: Billie Jo Starr, the Walmart Foundation, and the Walton Family Foundation
 - b. Academy Foundation IRS form 990²⁰ declares its only revenue comes from "government grants" even though it hosts an Annual Fund campaign and collects lots of money from private donors.
 - c. Haas Hall's 2017 legislative audit²¹ declares, "...the Foundation has begun paying certain of the School's expenses," but does not disclose what they are, or how much.
 - i. Note 9 in the 2017 legislative audit admits that Haas Hall owes a monthly payment of \$22,698 on a judgment in a lawsuit against the school. However, the school itself is not responsible for these payments. The legislative audit does not disclose the source of these payments.
6. Finally, Haas Hall Academy's administration practices nepotistic hiring of family under the direct supervision of other family members. Haas Hall disguises this practice by designating some of

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these family members as non-employee volunteers, and does not disclose any payments made to these "volunteers."

- a. Superintendent Martin Schoppmeyer is the paid superintendent of both Haas Hall districts and a member of the Academy Foundation board of directors.
- b. Dr. Schoppmeyer's mother, Marilyn Schoppmeyer, is an "unpaid volunteer" but also the headmaster of the Haas Hall Fayetteville campus, and a member of the Academy Foundation board of directors.
- c. Dr. Schoppmeyer's sister-in-law, Jamie Bendure, is the paid headmaster of the Haas Hall Springdale campus, and the college admissions coordinator for both Haas Hall districts.
- d. Dr. Schoppmeyer's wife, Carin Schoppmeyer, is an "unpaid volunteer" but also the Executive Director of School-Community Relations and a member of the Academy Foundation board of directors.
- e. Dr. Schoppmeyer's sister, Susan Bendure, is an "unpaid volunteer" but also the APSCN director for both Haas Hall districts, with complete control of all student and personnel files.

I ask the State Board of Education and the Arkansas Department of Education to step back and consider the big picture, here. Haas Hall Academy puts up good test scores and makes Arkansas look good in the US News and World Report school ratings. If Haas Hall earns these accolades honestly, the Board of Education and the Department of Education looks great to everybody! But if it turns out Haas Hall has built its entire reputation on lies, nepotism, and hush money, its "success" tarnishes the reputation of everybody who allows it to flourish falsely.

Please, open a legitimate investigation. Use your subpoena power²². And seriously consider reconstituting the administration of Haas Hall Academy before they dig us all in deeper.



Arkansas Department of Education

Transforming Arkansas to lead the nation in student-focused education

Johnny Key
Commissioner

January 28, 2019

Martin Schoppmeyer
Haas Hall Academy
3880 North Front Street
Fayetteville, AR 72703

State Board
of Education

**RE: Notice of State Board of Education Required Report
Haas Hall Academy**

Dr. Jay Barth
Little Rock
Chair

Dear Dr. Schoppmeyer:

Charisse Dean
Little Rock
Vice Chair

On November 10, 2016, the State Board of Education reviewed Haas Hall's 1st Quarter Partnership and Diversity Report and voted to stay the reporting requirement. In place of the quarterly reports, the Board requested that Haas Hall submit an annual report on the success of its diversity outreach efforts and student enrollment demographics. The report should include, but is not limited to, information on **leadership team diversity demographics**, poverty, free and reduced lunch student recruitment, and **student special education** and English Language Learner demographics.

Susan Chambers
Bella Vista

Dr. Fitz Hill
Little Rock

Kathy McPetridge
Springdale

Dr. Sarah Moore
Stuttgart

Ouida Newton
Poyen

R. Brett Williamson
El Dorado

The charter's report will appear on the Board's February 14, 2019 agenda. All documents submitted will be included in the Board's agenda packet. If you wish to submit documentation to the Board, including an electronic presentation, it must be received in the Charter School Office by noon on January 31, 2019. Please keep in mind that after this deadline, documents will only be accepted at the hearing and only with the Board's permission. If you bring additional materials to the hearing, please have at least 20 copies for board members, staff, and media.

Diane Zook
Melbourne

Again, should you wish to make an electronic presentation to the Board, a copy must be received in the Charter Office no later than noon on January 31, 2019. Email the presentation to ade.charterschools@arkansas.gov. Please let Virginia Perry know if you have any questions. Ms. Perry can be reached by phone at (501) 683-5313 or by email at virginia.perry@arkansas.gov.

Sincerely,

Reginald Ballard, Director
Office of Charter Schools Unit

Four Capitol Mall
Little Rock, AR
72201-1019
(501) 682-4475
ArkansasEd.gov

CC: John Colbert, Fayetteville Superintendent
Marlin Berry, Rogers Superintendent
Jimmy Rollins, Springdale Superintendent

*An Equal
Opportunity
Employer*

2

From: [Mary Claire Hyatt \(Basecamp\)](#)
To: [Johnny Key \(ADE\)](#)
Subject: Re: (Haas Hall Academy (Fayetteville)) Language Minority Student/EL Identification, Screening, Documentation, and eSchool Coding
Date: Monday, December 17, 2018 4:25:11 PM

Even though they don't accept federal funds or State ELL funds, they have no waiver of the Standards for Accreditation sections requiring them to provide those services. Further, the Charter School rules specifically say they will not be discriminatory in practice, and binds them to federal and state anti-discrimination laws. **They cannot get a waiver of those provisions.**

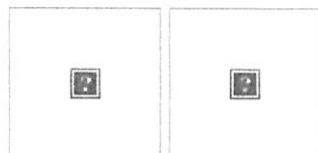


You can reply to this email or respond in Basecamp.

This message was sent to Alexandra Boyd, Alisa Moore, Alyse Mattox, Amy Thomas, Angel Eddleman, Anita Sacrey, Annette Carlton- Pearson, Anthony Owen, Beverly Jones, Bobby Lester, Brittany Kincaid, Cathy Mackey, Chandra Martin, Chante'le' Williams, Chelsey Moore, Christina Foley, Cindy Hogue, Cindy Smith, Courtney Salas-Ford, Damaris Henry, Dana Davis, Dara Nix, Deborah Coffman, Don Benton, Fred Hodge, Freddie Scott, Gina Windle, Greg Rogers, Hope Worsham, Ivy Pfeffer, James Graham, Jared Hogue, Jayne Green, Jeff Adams, Jerri Clark, Joan Luneau, Johnny Key, kathy.mascuilli@gmail.com, Kelly McLaughlin, Kevin Ward, Keyth Howard, Kim Vogt, Krystal Nail, LaDonna Spain, Lasonia Johnson, Lenett Thrasher, Lisa Johnson, Lisa Johnson, Lisa Knoedl, Lisa Tyler, Lori Lamb, Louis Ferren, Mary Claire Hyatt, Matt Sewell, Melissa Jacks, Michala Moore, Mike Hernandez, Mitzi Smith, Otistene Smith, Randall Lawrence, Renee Austin Banks, Renee Holland, Rhonda Saunders, Rick Green, Robert Toney, Robin Stripling, Roy Causbie, Sandra Hurst, Sandy Shepard, Sheila Chastain, Sheila Whitlow, Sheri R. Umholtz, Sherri Thorne, Stacy Smith, Stephanie Alsbrook, Suzanne Jones, Suzanne Knowles, Thalea Clay, Thomas Coy, Tina Moore, Traci Boyd, Tracy Webb, Treva Bradley, Tricia Kerr, Virginia Perry, Wendy Pascoe, Wendy Wilson, Wes Whitley, and Yvonne Greene.

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From: [Tricia Kerr \(Basecamp\)](#)
To: [Johnny Key \(ADE\)](#)
Subject: Re: (Haas Hall Academy (Fayetteville)) Language Minority Student/EL Identification, Screening, Documentation, and eSchool Coding
Date: Monday, December 17, 2018 4:21:35 PM

Neither Haas Hall charters have received state ELL funds to date because they have not identified any ELs to date.

It is my understanding that whether or not to identify potential ELs is a Civil Rights, Title VI issue covered under National Origin and must be addressed.

In May of 2016, 2017, and 2018, I presented at the Charter School Orientation on Charter Schools and ELs. Here is the [link for the May 2018 presentation](#).

I included links to information from national charter school groups. This [link specifically addresses the civil rights issue and what is expected](#).

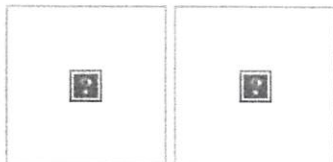


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Language Minority Student/EL Identification, Screening, eSchool Coding

TK

Tricia Kerr

Dec 12, 2018 · Notified 78 people

1

Tricia Kerr left a message with and emailed Martin Schoppmeyer on 12/4/18 about the number of potential Language Minority Students that Haas Hall has at all of their campuses. Multiple students are showing up on their LMS Error Report in eSchool, but 0 are showing up as EL in Cycle 2. I sent him a copy of the Commissioner's Memo LS-19-13 regarding coding LMS students in eSchool and submitting a clean LMS Error Report.

The school then submitted a clean LMS Error Report to Tresa Cotton, EL Admin Assistant, so we ran their LMS/EL Student List and it showed 0 students as LMS or EL as all the students' languages appeared to have been changed to English.

On 12/11/18, I left another message and Mr. Schoppmeyer returned my call. I inquired about their Home Language Usage Survey process. He put Francine Fisher, Dyslexia Coordinator and staff member on the phone. She was aware of and said they were using the Home Language Usage Survey dated October 2017 from ADE. When asked about what they do when a student indicates something other than English, she stated that all of them are doing well and do not need ESL and are proficient. We discussed the proper method of identifying, screening, and documenting proficiency via the Arkansas English Learner Entrance and Exit Procedures Manual. She said they do use the ELPA21 screener when a student puts another language, but most had been screened in prior districts and they do not have the documentation from those districts. We discussed the need to obtain that documentation and what to do when it is missing as it is still Haas Hall's responsibility to have proper documentation. We also discussed proper coding in eschool.

I had Tresa Cotton send her a copy of the list of students we had pulled that had languages other than English so they could begin with that to clean up their eschool coding and documentation. I let them know Lisa Coats, EL Specialist at NWAESC, is available to assist in this process as well. I said I would get back with Francine Fisher on Tuesday, December 18, 2018, to support them further in getting their documentation/coding correct for their nearly 95 LMS students.

I contacted Alan Lytle to inquire about ELPA21 Screener results on some students and no Haas Hall Academy students appear to have participated in the ELPA21 Screener in 2017-18 or in 2018-19.

BK

1 Comment

TK

Tricia Kerr, ESOL Program Director/Title III Co-Coordinator [Dec 13, 2018](#) File...

Francine Fisher emailed me an update on Haas Hall's plans to review all of the students who we had previously listed as having a language other than English for proficiency in English as per the state guidelines. I clarified some points and offered assistance in regards to reviewing some students together, assisting with learning how to utilize ELPA21, and supporting their eschool data entry staff. Ms. Fisher and Susan Bandure are serving as interim ESOL coordinators until Mr. Schoppmeyer appoints an official one.

I will be following up on December 18th

VP

Thanks Tricia

BK

BK

Add a comment or upload a file...

Subscribers

81 people will be notified when someone comments on this message.





Elizabeth Lyon-Ballay <erlyon@gmail.com>



FOIA Request

Victoria Jones <VJONES@roselawfirm.com>

Fri, Dec 21, 2018 at 11:59 AM

To: "erlyon@gmail.com" <erlyon@gmail.com>

Cc: Mark Henry <MHENRY@roselawfirm.com>, "martinschoppmeyer@haashall.org" <martinschoppmeyer@haashall.org>

Dear Ms. Lyon-Ballay:

This firm represents The Academy, Inc. The Academy, Inc. is in receipt of your December 18, 2018 request under the Arkansas Freedom of Information Act ("FOIA") which states, in relevant part, as follows:

At your earliest convenience, or within 72 hours, please send me:

1. Faculty/staff contracts for Christy Paxton, Jason Miller, Rebecca Gale, and Russell Robinson (2015-present).
2. Documentation that Haas Hall complied with background checks and "qualified teacher" standards for Christy Paxton, Jason Miller, Rebecca Gale, and Russell Robinson (2015-present).
3. Staff contract and pay information for Martin Schoppmeyer (2015-present).
4. **Staff contract and pay information for Susan Bendure (2015-present).**
5. Staff contract and pay information for Carin Schoppmeyer (2015-present).
6. Staff contract and pay information for Heather Holaway (2015-present).
7. Records of all Travel and Travel Expenses, including direct costs and reimbursements paid to or for any staff or faculty member, administrator, contract employee, or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. (2015 to present).
8. All non-disclosure agreements entered into by Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. (2015 to present).
9. All settlement agreements entered into by Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or any acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. (2015 to present).
10. All independent contractor agreements entered into by Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. (January 2015 to present).
11. A record of all employees separated from Haas Hall Academy, Haas Hall Academy Bentonville, and The Academy, Inc. including reason for separation and records of any severance or money paid outside of regular payroll (2015 to present).
12. Minutes from all Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. school board meetings including a complete record of board members in attendance, the published agenda/voting records, and all other standards required in ACA 6-13-619 (2015 to present).
13. All communication between Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville,

and/or The Academy, Inc. with any current, potential, or former board member, including digital/written communication and phone contact logs, if available (2015 to present).

14. Records of faculty/staff attendance for all Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. school board meetings (2015 to present).

15. Records of board participation pursuant to ACA 6-13-620: "(9) Visit district schools and classrooms when students are present no less than annually and attend some events and functions; and (10) Obtain the training and professional development necessary to serve as active and informed members of the school district board of directors." (2015 to present).

16. All communication between Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. regarding National Honor Society (NHS), including documentation of current and former NHS charters (2015 to present).

17. All communication between Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., or anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. regarding any complaint filed with the Arkansas Department of Education (2015 to present).

18. All communication between Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc., and anyone acting on the behalf of Haas Hall Academy, Haas Hall Academy Bentonville, and/or The Academy, Inc. regarding the 2018-2019 admissions lottery system between faculty/staff from February 2018.

19. Documentation regarding money spent on advertising (2015-present).

The Arkansas FOIA provides for reasonable access to non-exempt public records by any citizen of the State of Arkansas. Ark. Code Ann. § 25-19-105(d)(1). Your request does not specify the entity from which you are seeking information. The Academy, Inc., as a custodian of records, is not obligated to compile information or create a record in response to a FOIA request. Ark. Code Ann. § 25-19-105(d)(3).

FOIA requires that requests for records "be sufficiently specific to enable the custodian to locate the records with reasonable effort." Ark. Code Ann. § 25-19-105(a)(2)(C). The catch-all phrase "all" and generalized phrases such as "pay information", "communication", and "documentation" lack the specificity required to identify responsive records and, in some instances, are vague and unclear.

Certain records are protected by disclosure in a response pursuant to Arkansas FOIA. For instance, Ark. Code Ann. § 25-19-105(b) sets forth 23 types of requests that are not to be made open to the public under FOIA. Similarly, other information may be confidential and protected from disclosure by other statutes.

In order to comply with FOIA, both as written and in accordance with the Act's legislative intent, The Academy, Inc. searched its records and provides the attached records for your review. While The Academy, Inc. is not required to compile or create information in response to your FOIA request, it does provide the following in response to your requests. The numbers below correspond with the numbered list of your original request.

1. Christy Paxton, Jason Miller, Rebecca Gale, and Russell Robinson are volunteers of The Academy, Inc.

2. See Response to Request Number 1. These individuals are not subject to the standards for qualified teachers.

3. The requested records related to Dr. Martin Schoppmeyer's employment with Haas Hall Academy may be found using the following link: <https://www.haashall.org/welcome/state-required-information/> where Haas Hall Academy makes available its state-required information.

4. Susan Bendure is a volunteer of The Academy, Inc.
5. Carin Schoppmeyer is a volunteer of The Academy, Inc.
6. The requested records related to Heather Holoway's employment with Haas Hall Academy may be found using the following link: <https://www.haashall.org/welcome/state-required-information/> where Haas Hall Academy makes available its state-required information.
7. The Academy, Inc. paid the following travel expenses: Lin Chen's travel pertained to an AP Mandarin Seminar on September 15, 2017 (\$73.29/uber) and Zach Fletcher's travel pertained to an AP Spanish Seminar on November 16, 2017 (\$353.14/hotel).
8. The Academy, Inc. does not use nondisclosure agreements in connection with its vendors and, as such, no responsive records exist.
9. The Academy, Inc. has no records responsive to Request Number 9 other than what is attached hereto.
10. The Academy, Inc. has no records responsive to Request Number 10.
11. While the production of the following information is not required by FOIA, as such constitutes a compilation of information, please see below for a record of employees separated from The Academy, Inc. from 2015 to present, including the reason for separation:
 - Martha Theissen, retired
 - Sarah Berryman, retired
 - Justin Sockrider, left
 - Kyle Biswell, left
 - Rebecca Cantey, retired
 - Simon Gooch, left
 - Christina Hacala, left
 - Paul Kilgus, left
 - Heather Holaway, left
 - Jennifer Penaflorida, left
 - Adrian Risley, left
 - Rebecca Stewart, left
 - Judith Yanez, left
 - Christina Barton, left
 - Kevin Campbell, left
 - Martha Cousar, left
 - Devin Gamache, left
 - Tammy Garrish, left
 - Matthew Goff, left
 - Sherri Goff, left
 - Aakash Kumar, left
 - Kelly Magoulick, left

- Ryan Morton, left
- Caroline Proctor, retired
- Larry Sheppard, retired
- Maaika Smith, left
- Kurt Wolf, left

12. The requested records related to school board meetings and member attendance may be found using the following link: <https://www.haashall.org/welcome/state-required-information/> where Haas Hall Academy makes available its state-required information.

13. The Academy, Inc. has no records responsive to Request Number 13.

14. The requested records may be found using the following link: <https://www.haashall.org/welcome/state-required-information/> where Haas Hall Academy makes available its state-required information.

15. The Academy, Inc. has no records responsive to Request Number 15. The Academy, Inc. is proud of its open-door policy for all stakeholders and welcomes their presence at all Haas Hall Academy campuses. Board members visit Haas Hall Academy campuses with great frequency, which results in visits nearly every day of the week when school is in session.

16. All Haas Hall Academy campuses, except the Fayetteville campus, have National Honor Society chapters.

17. Any complaints filed with the Arkansas Department of Education regarding Haas Hall Academy and the other requested entities would be addressed in the records of the Arkansas State Board of Education meetings, which may be found at <http://www.arkansased.gov/state-board/minutes>.

18. The lottery system of Haas Hall Academy is designated as a "best practice" in the State of Arkansas. Any communication regarding the lottery system would be digital to accept or decline seats. All records of the lottery are kept by the Arkansas Department of Education.

19. The Academy, Inc. made the following advertising expenditures in the requested time period: \$3,060.00 to Wonderstate Media on November 6, 2018; \$728.00 and \$5,300.27 to the Northwest Arkansas Newspaper on September 19, 2017; and \$2,893.79 to the Northwest Arkansas Newspaper on December 2, 2015.

As evidenced by the links above, please note that the records pertaining to The Academy, Inc. are publicly available on the Haas Hall Academy website and the Arkansas Department of Education website. The Academy, Inc. complies with all legal posting and disclosure requirements and makes all such requisite data available for review.

If you have questions or concerns regarding this information, the links included, and the documents provided, please contact me by email at vjones@roselawfirm.com or by phone at (501) 377-0338

Sincerely,

Tori Jones

Tori Jones



120 East Fourth Street | Little Rock, AR 72201 | www.roselawfirm.com

(501) 377-0338 | vjones@roselawfirm.com | [Bio](#) | [V-Card](#)

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----- Forwarded message -----
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To: Victoria Jones <VJONES@roselawfirm.com>
Cc:
Bcc:
Date: Fri, 21 Dec 2018 17:43:47 +0000
Subject: Fwd: AFOIA Request

Mark Murphey Henry



P.O. Box 4800 | Fayetteville, AR 72701 | www.roselawfirm.com
P: (479) 856-6017 | E: mhenry@roselawfirm.com | [Bio](#)

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Begin forwarded message:

From: Matthew Campbell <matt@pinnaclelawfirm.com>
Subject: Re: AFOIA Request
Date: September 17, 2018 at 12:44:27 PM CDT
To: Mark Henry <mhenry@roselawfirm.com>
Cc: Martin Schoppmeyer <martinschoppmeyer@haashall.org>

Perfect. Thank you.

-Matt

On Mon, Sep 17, 2018 at 12:42 PM, Mark Henry <MHENRY@roselawfirm.com> wrote:

Dear Matt,

I am pleased to report that we received approval by the former personnel to release this document. Attached is the agreement.

The Settlement Agreement is a not in violation of A.C.A. 25-18-401 because it still allows for disclosure "as may be required by law."

Thank you for your time.

Feel free to give me a call to discuss whatever else you need. This is the extent to which my client is aware of anything that comes close to your request of a nondisclosure agreement, and we're closing the file unless you have additional questions.

Mark

--

Pinnacle Law Firm, PLLC

PO Box 7469

Little Rock, AR 72217

P: 501-396-9246

C: 501-749-7243

F: 501-421-0189

2 attachments

 **noname.eml**
34K

 **Holaway Settlement April 19 2018.pdf**
250K



LAWS & GUIDANCE (/POLICY/LANDING.JHTML?SRC=LN) / GENERAL

Family Educational Rights and Privacy Act (FERPA)

Get the Latest on FERPA at <https://studentprivacy.ed.gov/>
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[Family Policy Compliance Office \(FPCO\) Home \(/policy/gen/guid/fpco/index.html\)](/policy/gen/guid/fpco/index.html)

The Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR Part 99) is a Federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education.

FERPA gives parents certain rights with respect to their children's education records. These rights transfer to the student when he or she reaches the age of 18 or attends a school beyond the high school level. Students to whom the rights have transferred are "eligible students."

- Parents or eligible students have the right to inspect and review the student's education records maintained by the school. Schools are not required to provide copies of records unless, for reasons such as great distance, it is impossible for parents or eligible students to review the records. Schools may charge a fee for copies.
- Parents or eligible students have the right to request that a school correct records which they believe to be inaccurate or misleading. If the school decides not to amend the record, the parent or eligible student then has the right to a formal hearing. After the hearing, if the school still

decides not to amend the record, the parent or eligible student has the right to place a statement with the record setting forth his or her view about the contested information.

- Generally, schools must have written permission from the parent or eligible student in order to release any information from a student's education record. However, FERPA allows schools to disclose those records, without consent, to the following parties or under the following conditions (34 CFR § 99.31):
 - School officials with legitimate educational interest;
 - Other schools to which a student is transferring;
 - Specified officials for audit or evaluation purposes;
 - Appropriate parties in connection with financial aid to a student;
 - Organizations conducting certain studies for or on behalf of the school;
 - Accrediting organizations;
 - To comply with a judicial order or lawfully issued subpoena;
 - Appropriate officials in cases of health and safety emergencies; and
 - State and local authorities, within a juvenile justice system, pursuant to specific State law.

Schools may disclose, without consent, "directory" information such as a student's name, address, telephone number, date and place of birth, honors and awards, and dates of attendance. However, schools must tell parents and eligible students about directory information and allow parents and eligible students a reasonable amount of time to request that the school not disclose directory information about them. Schools must notify parents and eligible students annually of their rights under FERPA. The actual means of notification (special letter, inclusion in a PTA bulletin, student handbook, or newspaper article) is left to the discretion of each school.

For additional information, you may call 1-800-USA-LEARN (1-800-872-5327) (voice). Individuals who use TDD may use the Federal Relay Service (</about/contacts/gen/index.html#frs>).

Or you may contact us at the following address:

Family Policy Compliance Office
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202-8520

 Printable view

(</print/policy/gen/guid/fpco/ferpa/index.html>)

Last Modified: 03/01/2018

How Do I Find...

- Student loans, forgiveness (</fund/grants-college.html?src=rn>)
- College accreditation (<http://www.ed.gov/accreditation?src=rn>)
- Every Student Succeeds Act (ESSA) (<http://www.ed.gov/essa?src=rn>)
- FERPA (</policy/gen/guid/fpco/ferpa/index.html?src=rn>)

- 
- FAFSA (<http://fafsa.ed.gov/?src=edgov-rn>)
 - 1098, tax forms (<http://www.ed.gov/1098-e?src=rn>)

[More > \(/about/top-tasks.html?src=rn\)](#)


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- Early Learning (</about/inits/ed/earlylearning/index.html?src=rn>)

Related Topics

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Student Loans

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[Defaulted Loans \(https://studentaid.ed.gov/repay-loans/default?src=ft\)](https://studentaid.ed.gov/repay-loans/default?src=ft)

[Loan Forgiveness \(https://studentaid.ed.gov/repay-loans/forgiveness-cancellation?src=ft\)](https://studentaid.ed.gov/repay-loans/forgiveness-cancellation?src=ft)

[Loan Servicers \(https://studentaid.ed.gov/repay-loans/understand/servicers?src=ft#who-is-my-loan-servicer\)](https://studentaid.ed.gov/repay-loans/understand/servicers?src=ft#who-is-my-loan-servicer)

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[Civil Rights \(/about/offices/list/ocr/know.html?src=ft\)](/about/offices/list/ocr/know.html?src=ft)

[New IDEA Website \(https://sites.ed.gov/idea/?src=ft\)](https://sites.ed.gov/idea/?src=ft)

Data & Research

</rschstat/?src=ft>

Education Statistics (<https://nces.ed.gov/?src=ft>)
Postsecondary Education Data (<https://nces.ed.gov/ipeds/?src=ft>)
ED Data Express (<https://eddataexpress.ed.gov/?src=ft>)
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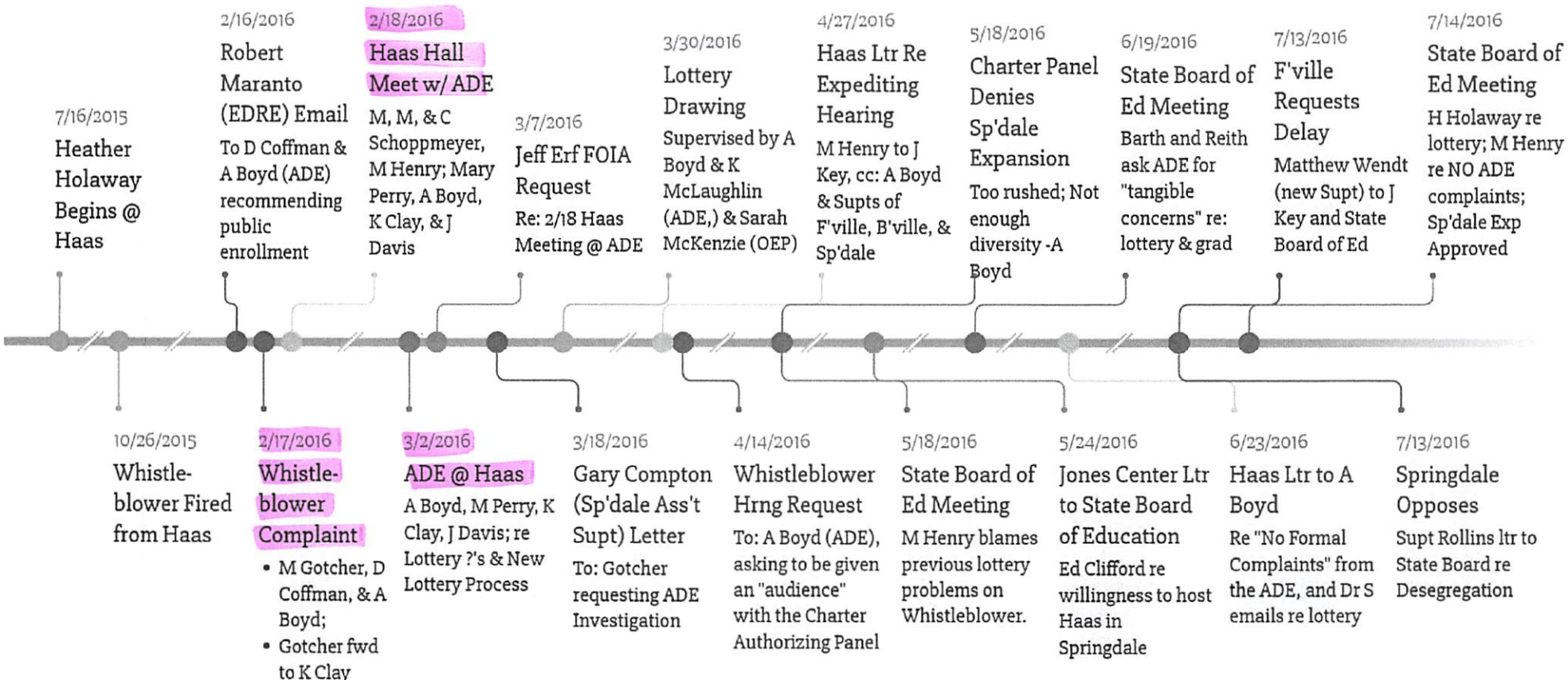
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Haas Hall and the Case of the 2016 Whistleblower



8

Wednesday, February 17, 2016 at 3:55:25 PM Central Standard Time

Subject: FW: Concerns regarding Haas Hall Academy request for a Springdale Campus

Date: Wednesday, February 17, 2016 at 3:54:01 PM Central Standard Time

From: Mark Gotcher

To: Kendra Clay (ADE)

Fyi...

Dr. Mark Gotcher

Deputy Commissioner

Arkansas Department of Education

Office: (501) 682-4205

Cell: (501) 218-6012

Email: mark.gotcher@arkansas.gov

From: Kelly Magoulick <[REDACTED]>

Date: Wednesday, February 17, 2016 at 7:23 AM

To: mgotcher <mark.gotcher@arkansas.gov>, "Deborah Coffman (ADE)" <Deborah.Coffman@arkansas.gov>, "Alexandra Boyd (ADE)" <Alexandra.Boyd@arkansas.gov>

Subject: Concerns regarding Haas Hall Academy request for a Springdale Campus

Dear Mr. Gotcher, Ms. Coffman, and Ms Boyd,

I am writing this email in regards to Haas Hall Academy appearing before the board this Friday to request approval for a 3rd campus in Springdale. I have grave concerns regarding this proposal.

My concerns are as follows:

1. Dr. Schoppmeyer was sued by Tracy Hoskins for breaking the lease at the prior Fayetteville campus and now owes a significant amount of money, almost a half a million dollars. I question where the money will come from to pay this. See: <https://localtvkfsn.files.wordpress.com/2015/04/haas-hall-counterclaim.pdf>
2. Dr. Schoppmeyer was forced to conduct a supervised lottery last year and prior lotteries were conducted in private with certain students and siblings given priority. This can be proved through enrollment lists.
3. Haas Hall reports a 100 percent graduation rate because students are asked to leave if they can not fulfill the graduation requirements. No attempts are made to tutor or assist the student with academic improvement or success. Names can be provided upon request but remain confidential at this time.
4. Haas Hall reports 100 percent acceptance to college because Dr. Schoppmeyer requires students to apply to 3 colleges whether they want to or not and then pays the application fees.
5. Haas Hall reports high test score results on End of Course exams because he asks faculty (during faculty meetings) to identify those students who will not do well on the tests and has them removed from the class roster so as not to lower the test results.
6. Haas Hall does not accurately record daily absences but claims a high attendance rate. I was responsible for

taking attendance but not for entering it into Apscn on the computer. I questioned why the attendance was not being entered accurately and was told that this was the way Dr. Schoppmeyer wanted it.

7. Dr. Schoppmeyer had no plans in place to create a lottery list of names for the 2015 supervised lottery and was not able to access the preregistered names in an accurate manner. Names were missed and can be provided on request. In particular, sibling names who have been registered for years.
8. Dr. Schoppmeyer has always required families to meet with him and then I provided a tour. It was not until last year in January 2015 that his schedule did not permit this due to the opening of the Bentonville campus. In January 2015, I provided the tours and the meetings with families. He lied under oath, please see taped meeting :
<http://flash.aetn.org/adeplayer.html?source=rtmp://flash.aetn.org/vod/mp4:ade/charterpanelfeb182015.f4vr>.
9. Dr. Schoppmeyer in the last 4 years or more has conducted the lottery in private and the date is unannounced. In 2014, I left work on a Friday after telling families that the lottery was not happening anytime soon and then returned on Monday only to be told that the lottery occurred over the weekend. No list was created to my knowledge, just a printout of the online registrations for each student to be called. It was all done with much secrecy.
10. On one particular occasion I was summoned to Dr. Schoppmeyer's office and was grilled regarding a conversation I had with Dr. Gary Ritter (Director of the University of Arkansas Office for Education Policy), who is a family friend. I was repeatedly asked what I told him about Haas Hall and the lottery. I was told that I could not communicate with Dr. Ritter. This meeting was witnessed by Marilyn Schoppmeyer. I was very uncomfortable and was bullied into agreeing with their demands.
11. Both the Fayetteville and Bentonville campuses suffered this year in that faculty hired did not know what classes they were teaching until the first day of classes. Students were in small crowded class rooms and had to sit on the floor and still do today. Haas Hall prides itself on low student to teacher ratios and this is no longer true with very large classes of approximately 28 or more.
12. This year I was highly involved with the lottery process before and after the lottery was conducted. I was able to determine that the procedure was not conducted fairly or accurately. Lotteries for each campus were held separately and some families registered for both campuses to increase their odds of being selected. Not all families were instructed or notified that they could do this. Families who did not get into the Fayetteville lottery would register for the Bentonville lottery and if chosen then immediately requested a transfer. Dr. Schoppmeyer did not address this situation with clear protocol and stated that a decision would not be made about transfers until July 2015. However, in April 2015 during an orientation for new students, he approved a transfer for an influential family.
13. Numerous families came to me to inquire why someone accepted to the Bentonville campus was admitted to the Fayetteville campus when their child's number was higher on the Fayetteville list. Names will be provided on request and are presently confidential.
14. One family registered for Bentonville campus lottery was accepted in the Fayetteville campus and never registered for Fayetteville campus lottery(name can be provided)
15. Detailed information was not consistently recorded when families were notified by all persons involved. I kept detailed information regarding date called, response received and who I spoke to.
16. I ask that you examine the eschool student register with the lottery list and compare for discrepancies. Certain names can be provided to prove this.
17. Haas Hall has a housekeeper that is employed during school hours who has no experience with youth. I question if a background check has been conducted. The housekeeper has been witnessed to yell angrily at the students and faculty; kick students out of front lobby, commons area, and bathrooms causing

stress/crying. I received numerous complaints from families. I had to comfort students on a repeated basis. The housekeeper has interrupted classes as well and has called students retarded, Osama Bin Ladin, and stupid. I repeatedly spoke to Dr. Schoppmeyer and the Schoppmeyer family regarding this bullying behavior and no action resulted. The housekeeper originally worked for Mr. Hoskins who sued Dr. Schoppmeyer over a broken lease. Dr. Schoppmeyer took great pride in acquiring this employee from Mr. Hoskins and for use as a potential witness in the lawsuit.

18. In August/Sept. 2015, I sent multiple emails to Dr. Schoppmeyer regarding my concerns about the shadow and lottery procedure and received no response. Email will be provided.
19. On numerous occasions I discussed the website inaccuracies and misleading information with the Director of Communications. It is unclear what preregistering for Haas Hall means. In reality it means just registering to be part of the lottery. The website still remains unclear. I noticed that it now states "we suggest scholars shadow" but in another area it states it is required.
20. My students and I raised a significant amount of money for student programs that I sponsored: Envirothon, Green Team, and Science Fair. I would like a full accounting of these funds as I have been told by students and faculty that there is no money. Students were required to pay hotel accommodations for Envirothon even though funds were raised and earmarked for this purpose. Supporting documentation available.

The above statements are true and accurate and can be supported with documentation. I would personally testify under oath to this on Friday but I am frightened by the Schoppmeyer family. I fully expect to be sued and am awaiting a call from your legal adviser. I do hope that you will evaluate this information and realize that Haas Hall has been operating as a private school using public funds. Despite the concerns listed above, I will give credit to the Schoppmeyer family for hiring an exceptional faculty that I was proud to be a part of.

At this time, I must ask you to please Not approve a new campus in Springdale and to allow the Schoppmeyer family to finally conduct the Fayetteville and Bentonville campus as a true charter school with equal opportunities for all students.

I can be reached at [REDACTED] for further information and questions.

Sincerely,

Kelly Magoulick

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From: "Alexandra Boyd (ADE)" <Alexandra.Boyd@arkansas.gov>

Date: April 19, 2016 at 11:35:01 AM CDT

To: Kelly Magoulick <kellymagoulick@gmail.com>

Subject: RE: Thank you for your response

Ms. Magoulick,

Thank you for clarifying your intentions. The last Charter Authorizing Panel meeting scheduled for this school year will take place on May 18, 2016. As of now, I have not received a request from Haas Hall to be heard during that meeting.

Please let me know if you need any further assistance.

-Alexandra

From: Kelly Magoulick [mailto:kellymagoulick@gmail.com]

Sent: Thursday, April 14, 2016 1:08 PM

To: Alexandra Boyd (ADE)

Subject: Thank you for your response

Dear Alex,

Thank you for your response. To answer your question about my statement: "I do hope that I can have some type of audience beforehand to substantiate my stated concerns as stated in my February email", I initially wrote this because I was going to be out of town on April 20th and was worried that my concerns would not be taken into consideration. I just wanted to be able to provide proof to my statements and perhaps have my letter acknowledged as a "no confidence" statement to prevent further expansion by Haas Hall. In my opinion, Haas Hall needs to consistently prove that they are a public school acting in the best and fairest interest of all students, families, the community, and public education. Now that I have given it a bit more thought, I am very concerned that my February letter/email which was very professional and truthful has caused the Haas Hall attorney, Mark Henry, to respond by sending me several mean, accusatory, and threatening letters. I continue to stand by my statements and would just like the Charter Board to have validation regarding my concerns. My name is very important to me and I am a woman of honor and integrity. I also take my reputation in the community and in the educational field very seriously.

Thank you for your time and I hope you have a lovely weekend.

Sincerely,

Kelly

- May 18, 2016

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1 process, I've personally met with or --

2 DR. GOTCHER: Sure.

3 MS. HOLLOWAY: -- spoken to every single person
4 that is accepted and enrolled.

5 MR. HENRY: My name is Mark Henry; I'm attorney
6 for Haas Hall.

7 DR. GOTCHER: Good morning.

8 MR. HENRY: And I want to address your issue.
9 It seems like you have -- you're talking about four
10 students in the past.

11 DR. GOTCHER: Okay.

12 MR. HENRY: So today we've presented the lottery
13 process going forward. So there's a demarcation in
14 my understanding because earlier when we invited the
15 State into our offices and showed everything and went
16 down entire rolls of students, the attorneys --
17 excuse me, I'm hoarse -- the attorneys with the State
18 were there and they walked through our entire lottery
19 application process. We were completely open and
20 invited any suggestions at all. So going forward, in
21 order to put an end to these what I would call
22 speculations or rumors or what we heard or, you know,
23 those kind of statements, we came forward with a
24 completely transparent, fully audited electronic
25 system that parents, students, the State, anyone can

1 look at with a time-stamp of when they applied, their
2 name, and with the anonymity component, the number
3 assigned, open public scholar acceptance. We are an
4 open book and we wanted to create a system that is
5 transparent completely going forward. So that's the
6 going forward. Now the back, the four students
7 you're talking about I don't know if it was four or
8 if it was two or seven because when we sat down with
9 the State and gave a rational explanation for each
10 and every student some of those people were
11 identified as faculty -- some of those scholars were
12 identified as faculty students, and there are other
13 explanations. And there are a handful or small
14 handful, less than four, I think, that did not have a
15 rational clear traceable explanation. And we have
16 taken care of that.

17 DR. GOTCHER: Okay.

18 MR. HENRY: And that person in charge of those
19 procedures is not with Haas Hall now. And so we ask
20 you to trust that going forward our procedure is
21 completely transparent and we invite the State -- we
22 went to the State's procedures, used the State's
23 spreadsheet on how to conduct the lottery, even the
24 Excel spreadsheet on the function of randomizing
25 numbers and acceptance. So going forward is all we

- May 18, 2016

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1 can do relative to the Springdale location and our
2 books are completely open, as you know.

3 DR. GOTCHER: Sure.

4 MR. HENRY: You also did not sense any
5 hesitation, I guess, from the State when they came to
6 look at our books. We've had several meetings
7 because we want to put all of these rumors to rest.
8 The only way to do that is have a time-stamped fully
9 automated computer system and that's what Heather
10 Holloway put together for us.

11 DR. GOTCHER: Good. And thank you. And I do
12 believe based upon what I'm seeing that there is a
13 transparency in the lottery process. I guess the
14 little concern I have is in regards to the former
15 employee. So it was possible for one employee to
16 enroll a student that possibly was not on the wait
17 list. And if that is the possibility, how have those
18 measures been ceased in order for this -- for -- one
19 person should not be able to --

20 MR. HENRY: Absolutely.

21 DR. GOTCHER: -- to violate a wait list.

22 MR. HENRY: Sure.

23 DR. GOTCHER: And so how have the processes been
24 changed to allow that to not happen again?

25 MR. HENRY: Right. So what you're asking for is



Martin Schoppmeyer <martinschoppmeyer@haashall.org>

Fwd: comments on the upcoming charter panel hearing

4 messages

Mark Henry <mark@henrylawfirm.net>

Wed, Feb 17, 2016 at 4:14 PM

To: "martinschoppmeyer@haashall.org" <martinschoppmeyer@haashall.org>

REDACTED

Begin forwarded message:

From: "Kendra Clay (ADE)" <Kendra.Clay@arkansas.gov>
Subject: FW: comments on the upcoming charter panel hearing
Date: February 17, 2016 at 4:05:52 PM CST
To: Mark Henry <mark@henrylawfirm.net>

Mark:

Here is one more email.

Thank you,

Kendra Clay
General Counsel
Arkansas Department of Education
Four Capitol Mall, Room 404-A
Little Rock, AR 72201
(501) 683-0960
(501) 682-4249 (fax)
Kendra.Clay@arkansas.gov<mailto:Kendra.Clay@arkansas.gov>

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From: "Alexandra Boyd (ADE)"
<Alexandra.Boyd@arkansas.gov<mailto:Alexandra.Boyd@arkansas.gov>>
Date: Wednesday, February 17, 2016 at 4:00 PM
To: "Jennifer Liwo (ADE)"
<Jennifer.Liwo@arkansas.gov<mailto:Jennifer.Liwo@arkansas.gov>>, "Ivy Pfeffer (ADE)"
<Ivy.Pfeffer@arkansas.gov<mailto:Ivy.Pfeffer@arkansas.gov>>, "Greg Rogers (ADE)"

<Greg.Rogers@arkansas.gov<mailto:Greg.Rogers@arkansas.gov>>, Mark Gotcher
 <Mark.Gotcher@arkansas.gov<mailto:Mark.Gotcher@arkansas.gov>>, "Deborah Coffman
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 "Bobby Lester (ADE)" <Bobby.Lester@arkansas.gov<mailto:Bobby.Lester@arkansas.gov>>,
 "Annette Barnes (ADE)"
 <Annette.M.Barnes@arkansas.gov<mailto:Annette.M.Barnes@arkansas.gov>>, "Eric
 Saunders (ADE)" <Eric.Saunders@arkansas.gov<mailto:Eric.Saunders@arkansas.gov>>
 Cc: "Mary Perry (ADE)" <Mary.Perry@arkansas.gov<mailto:Mary.Perry@arkansas.gov>>,
 Kendra Clay <kendra.clay@arkansas.gov<mailto:kendra.clay@arkansas.gov>>, "Jennifer
 Davis (ADE)" <Jennifer.Davis@arkansas.gov<mailto:Jennifer.Davis@arkansas.gov>>
 Subject: FW: comments on the upcoming charter panel hearing

Panel Members:

Please see email below regarding Haas Hall.

Alexandra Boyd, Director

Charter and Home Schools Office

Arkansas Department of Education

Division of Learning Services

Four Capitol Mall, Mail Slot #3

Little Rock, Arkansas 72201

E-mail: alexandra.boyd@arkansas.gov<mailto:alexandra.boyd@arkansas.gov>

Telephone: 501-682-5665

Fax: 501-371-3514

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From: Robert Anthony Maranto [mailto:rmaranto@uark.edu]

Sent: Tuesday, February 16, 2016 8:00 PM

To: Deborah.coffman@Arkansas.gov<mailto:Deborah.coffman@Arkansas.gov>

Cc: Alexandra Boyd (ADE)

Subject: comments on the upcoming charter panel hearing

Importance: High

Dear Ms. Coffman (CC Alexandra Boyd),

I'm the 21st Century Chair in Leadership in the Department of Education Reform at the University of Arkansas. I've done fieldwork in more than 200 public schools across the nation, mainly charter schools, and edit the Journal of School Choice. I support both public charter schools and traditional public schools. I currently serve on the unpaid board of Achievement House Cyber Charter School (in Pennsylvania), and recently won election to the Fayetteville School Board. Our kids attend the Fayetteville district schools.

I'm writing chiefly as an education scholar, since part of my job is to advise other public officials as to how to improve public education. I want to make it clear that I support school choice, and am a fan of what Marty Schoppmeyer and his team have achieved at Haas Hall; indeed I ran for school board in part to push our schools to copy some of what works at Haas. That said, I have to report that for years some Fayetteville residents have expressed concerns to me and to others about the admissions process at Haas Hall, and in part for this reason local schools eschew copying successful curricular and personnel practices pioneered at Haas. I have no reason to think that concerns about Haas Hall admissions reflect reality. Even so, all the other Arkansas charter schools I am familiar with have too many applicants for particular grades hold admissions lotteries announced well in advance on school web sites and in local media, and those lotteries are open to the press and public. From my fieldwork in charter schools in nine states, I'm convinced that unless a charter school follows such procedures, its success will be discounted, making other public schools less likely to copy successful innovations from the charter sector.

Accordingly, I believe the charter panel should require that as a condition of Haas Hall's expansion the school must hold publicly announced lotteries open to the press and public in which both lottery winners and those on the waitlist are told their lottery numbers which indicate their rank in the admissions process. My colleagues at the Office for Education Policy at the University of Arkansas/Fayetteville hold these lotteries as a public service. Though I know of no systematic studies, such admissions lotteries seem to be standard practice for charter schools in every state where I have done fieldwork. Holding open and transparent lotteries could dispel concerns that people have raised over the years. Failing this, ADE could undertake a study of who applies to Haas Hall and who attends; this too could dispel concerns. Possibly, the student level data for such a study already exists.

I have reason to believe that the state legislature will again visit this issue in the next legislative session, perhaps invoking financial penalties for charter schools which fail to follow standard, transparent lottery procedures. My own view is that open lotteries are good practice and cost no money, so there is no reason to wait until the state legislature acts. I thank you for your consideration and your hard work. Please do feel free to call me with any thoughts.

Robert Maranto, Ph.D.
Editor, Journal of School Choice
Fayetteville School Board, Zone 2
21st Century Chair in Leadership
Department of Education Reform, University of Arkansas
201 Graduate Education Building
College of Education and Health Professions
Fayetteville, AR 72701
479-575-3225 (Fax: 3196) or 610-299-3683 (cell);
rmaranto@uark.edu<mailto:rmaranto@uark.edu>
<http://www.uaedreform.org/robert-maranto-phd/>

REDACTED

REDACTED

From: Robert Anthony Maranto <rmaranto@uark.edu>
To: Martin Schoppmeyer <martinschoppmeyer@haashall.org>
Subject: RE: Teaching resume
Sent: Wed, 27 Jun 2012 02:07:43 +0000



Marty,

You are way too kind. Thanks so much! Wow, building a campus is one scary prospect.

Bob

From: Martin Schoppmeyer [mailto:martinschoppmeyer@haashall.org]
Sent: Tuesday, June 26, 2012 3:46 PM
To: Robert Anthony Maranto
Subject: Re: Teaching resume

Dear Bob:

Great to hear from you! I really enjoyed your presentation at the Arkansas charter school conference. I am going to contact Ms. Brown. I don't have any solid position this year but I might next year. We are in the process of working towards building a campus for the fall of 2014. We would have a slight increase in our scholar count and a number of additional faculty.

Thank you for contacting me. We are thrilled to have the Maranto Family as part of ours beginning in 2013!

Sincerely,

Marty

On Mon, Jun 25, 2012 at 3:32 PM, Robert Anthony Maranto <rmaranto@uark.edu> wrote:
Marty,

I hope all is well. If you've followed what is happening with the Fayetteville School District changing grade configuration and busing and ignoring public input, I expect that Haas Hall will get a great deal of interest in the coming months, not that it needs it!

Anyway, I wanted to send this along. My wife and I know Natalie Brown, a recent honors graduate (psychology and philosophy) from the U of A, who would love to teach on the secondary level and is now going for alternative certification. She is very smart, and having used her as a babysitter a few times, April and I will vouch that has a good rapport with younger kids and grownups. She has intelligence and a work ethic, and my read is that she could handle a class of high school kids, though of course like battle, one never knows until tested. At any rate, if you have a suitable opening she would certainly be worth interviewing.

Looking forward to Haas Hall come 8th grade (fall 2013).

Bob

Robert Anthony Maranto

21st Century Chair in Leadership
Department of Education Reform
University of Arkansas
201 Graduate Education Building
College of Education and Health Professions
Fayetteville, AR 72701
479-575-3225 (Fax: 3196) or 610-299-3683 (cell); rmaranto@uark.edu
<http://www.uaedreform.org/People/maranto.php>

--

Dr. Martin W. Schoppmeyer, Jr.
Founder and Superintendent of Schools
Haas Hall Academy
3155 North College Avenue, Suite 108

Fayetteville, AR 72703
(479) 966.4930
(479) 966.4932 - fax
<http://haashall.org>

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From: Robert Anthony Maranto <rmaranto@uark.edu>
To: Martin Schoppmeyer <martinschoppmeyer@haashall.org>
Subject: good luck
Sent: Thu, 3 Apr 2014 14:10:00 +0000

Marty,

Just read about your plans to expand to Bentonville. I think that is very good news for the region's students. I've visited NWA Classical a few times and they seem excellent, but I'm sure there is plenty of demand for both schools and expanding in Benton County makes sense. Good luck, and tell me if you ever need a testimonial. I hope the next Fayetteville superintendent will ask serious questions about why so many parents prefer Haas Hall; of course hope springs eternal!

Bob

From: Martin Schoppmeyer [mailto:martinschoppmeyer@haashall.org]
Sent: Monday, February 25, 2013 8:23 PM
To: Robert Anthony Maranto
Subject: Re: heads up on a media thing

Dear Bob:

That is not our policy - period. We have tutoring programs in place and other academic stop gaps to ensure academic success. Thank you for the tip. Our goal is and has been to always assist our scholars.

Sincerely,

Marty

On Mon, Feb 25, 2013 at 7:18 PM, Robert Anthony Maranto <rmaranto@uark.edu> wrote:

Marty,

Hope all is well. We were very sorry we didn't quite make in the lottery, but that just shows you have a great school that a lot of folks want into. That's something to be proud of. Maybe next year. And it might make the district schools up their game. Just in the past couple days the junior high we are assigned to, which has a poor reputation---seems to be making some real efforts to compete with you guys. PR, an orientation meeting next week; new small learning communities which we will have to choose March 28, and insisting that there is no bullying at the school. We'll see if changes bring actual improvements, or just PR. At least they seem to be awake.

Meantime, I wanted to e-mail because of something very interesting that happened today---BUT YOU DID NOT HEAR IT FROM ME. And I find it very interesting that it came just after the Haas Hall lottery. My department got a question from a reporter today about disciplinary policies in charter schools---the inquiry is at the bottom of this e-mail chain. Immediately below is my response, which is more or less what I always tell reporters about this topic. After I responded she called me up, and said that what she was really calling about were reports that Haas Hall was suspending or expelling kids who were not completing homework. I said I couldn't speak to that, and she should call you, which she said she would right away. I added that in general district schools badmouth charter schools and charter schools badmouth district schools, and you have to discount a lot of what you hear from both sides. Plus a lot of kids that fail in one school will succeed in another.

The reporter did not swear me to secrecy and so I feel free to pass this on. Still, I would prefer if you did not mention I told you. Again, I do find the timing pretty interesting. Competition has a good side, getting better, and bad one, badmouthing the other guys---ah school politics!

Bob

From: Robert Anthony Maranto
Sent: Monday, February 25, 2013 3:33 PM
To: Gary Ritter; Brenda Bernet
Cc: Michael L. Crouch; Jennifer W. Ash; Patrick J. Wolf
Subject: RE: charter schools

Hi Brenda,

I've done fieldwork in more than 100 schools, mainly charters, and I serve on the (unpaid) board of a nonprofit cyber charter school in Pennsylvania which mainly serves at-risk kids. From that, I think there are a few things you can say about charters on discipline.

First, most charters are way smaller than traditional public schools, so the principals and teachers tend to know everyone in the building. That makes discipline easier, in that the principal and often each teacher knows each kid and their family, so they know when to push a kid and when to ease off and give them some space. If you have 300 kids it's a lot easier to care about the individual student and try to meet their needs than if you have 1,000 kids, at which point it's easier to just follow the rules. It's also harder for kids to hide. If a kid is having a bad day or one kid is picking on another at a small school, a grownup is more likely to notice it and intervene. In a big school that might get lost in the crowd.

Second, charters are chosen by parents, so the schools are really geared to pleasing parents rather than school board members. Parents don't have to go to a charter school, and if the parents leave the school closes. Everyone knows that. No one wants their kids to go to an unsafe school, so charters have to work extra hard to keep a good environment. For that reason charters tend to work very hard to build relationships with parents. Many of the charter schools I know, and nearly all the charters in low income communities, have teachers and administrators visit the homes of all the students before or in the first few weeks of school. That helps build the relationship with the families. As an educator at Dove Science Academy, an Oklahoma charter, told me, it's not good for the relationship with a parent if the first time the parent hears from the school it's about something their kid did wrong. But if the teacher has been to their home and gotten to know them and maybe even brought a small present at the start of the school year, then if that teacher has to call the next month and say Jose is acting up, the parents are much more likely to take the teacher's side. The teacher isn't a stranger. They are someone who has been to your home. A few traditional public schools are starting to do that, in Rogers as I recall. Especially in low income communities, it is a very good policy. (Usually the teachers visit in pairs, for safety reasons.)

Third, because charters are smaller and try to hire people who believe in the school's mission, it's far easier to coordinate discipline across classrooms. Most charters have common discipline policies across classes and even use the same discipline language. In a lot of big schools each teacher has a different discipline policy, so what goes on in Mr. Smith's class may be completely different than what goes on in Ms. Jones class---that is a total morale killer and not conducive to running a safe and orderly (low bullying) school.

Fourth, most big traditional public schools have to offer a little bit of everything to everyone, band, cheer, football, auto mechanics, basic academics, maybe advanced academics----it's hard to do a lot of things and do them well. Most charters have some kind of common theme (Montessori, Core Knowledge, college prep, whatever), so the parents, kids and teachers have all bought into that thing. That tends to make discipline easier because people agree on the basic mission.

Fifth, most of the parents choosing charters fall into one of three types: they are really care about their kids' education and thought the charter offered something better; their kid is being bullied in their current school and they want to escape the bullying; or else their kid is failing academically or behaviorally in their current school and they desperately want a second chance for their kids to succeed. The third group is actually the biggest at most charter schools, but all three groups have a strong incentive to make this work, and are afraid of what will happen if it doesn't. Like any social movement, a lot of the charter movement is based on fear.

Sixth, because charter school missions vary widely, charter school discipline practices vary widely. I've been to charter arts schools where literally anything goes in terms of clothes and demeanor. The parents and kids don't want much discipline, and probably don't need much since the schools are safe. I've also been to successful high poverty schools like the KIPP schools where there is very strict discipline, because given the nature of the high crime communities where KIPP locates, there has to be. Traditional public schools are often pushed to all be alike, which doesn't work. Charter schools are free to adapt to their clientele and their surroundings.

There has been remarkably little systematic research on safety in charter schools. I can tell you that the *Charter Schools in Action* studies conducted in the 1990s (<http://www.amazon.com/Charter-Schools-Action-Renewing-Education/dp/0691090084>) found that students, parents and teachers thought their charters were way safer than their prior traditional public schools. And there's the national school staff surveys conducted by the University of Washington about five years back. Surveys of school staff indicate that charters are "safer and experience fewer discipline problems than

their traditional public school counterparts." (See
(http://www.crpe.org/cs/crpe/download/csr_files/wp_ncsrp_safety_mar07.pdf.)

That's all I can think of offhand. You can call my cell at [610-299-3683](tel:610-299-3683) if you have any more questions. Oh, and Gary Ritter or I can introduce you to some charter school leaders, including the KIPP leaders in Arkansas, or various folks out of state. John Franklin at Dove Science Academy in Tulsa is a dean of discipline there, who I'm told has come up with innovative solutions to discipline problems that "will blow your mind" as his former boss told me. They run a very safe school in a very dangerous neighborhood. John's former boss, Kaan Camuz, now works for the Harmony Schools in Austin (TX), and Kaan would be a good interview.
Bob

From: Gary Ritter
Sent: Monday, February 25, 2013 2:21 PM
To: Brenda Bernet
Cc: Michael L. Crouch; Jennifer W. Ash; Robert Anthony Maranto; Patrick J. Wolf
Subject: RE: charter schools

Hi Brenda,

I don't think so, although I am cc'ing some departmental colleagues to see if they have any thoughts on the question.

Thanks,
Gary

From: Brenda Bernet [<mailto:bbernet@nwaonline.com>]
Sent: Monday, February 25, 2013 12:09 PM
From: Gary Ritter
Subject: charter schools

Have you or any of your colleagues done research on suspensions or the disciplinary policies of charter schools?

Brenda Bernet
Reporter
Arkansas Democrat-Gazette
Northwest Arkansas
[479-365-2973](tel:479-365-2973)
bbernet@nwaonline.com

--

Dr. Martin W. Schoppmeyer, Jr.
Founder and Superintendent of Schools
Haas Hall Academy
3155 North College Avenue, Suite 108
Fayetteville, AR 72703
(9) 966.4930
(479) 966.4932 - fax
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From: Robert Anthony Maranto <rmaranto@uark.edu>
To: "Martin Schoppmeyer (martinschoppmeyer@haashall.org)" <martinschoppmeyer@haashall.org>
Subject: Teaching resume
Sent: Mon, 25 Jun 2012 20:32:42 +0000
[Brown Teaching Resume.doc](#)

Marty,

I hope all is well. If you've followed what is happening with the Fayetteville School District changing grade configuration and busing and ignoring public input, I expect that Haas Hall will get a great deal of interest in the coming months, not that it needs it!

Anyway, I wanted to send this along. My wife and I know Natalie Brown, a recent honors graduate (psychology and philosophy) from the U of A, who would love to teach on the secondary level and is now going for alternative certification. She is very smart, and having used her as a babysitter a few times, April and I will vouch that has a good rapport with younger kids and grownups. She has intelligence and a work ethic, and my read is that she could handle a class of high school kids, though of course like battle, one never knows until tested. At any rate, if you have a suitable opening she would certainly be worth interviewing.

Looking forward to Haas Hall come 8th grade (fall 2013).

Bob

Robert Anthony Maranto

21st Century Chair in Leadership
Department of Education Reform
University of Arkansas
201 Graduate Education Building
College of Education and Health Professions
Fayetteville, AR 72701
479-575-3225 (Fax: 3196) or 610-299-3683 (cell); rmaranto@uark.edu
<http://www.uaedreform.org/People/maranto.php>

13

From: Kendra Clay (ADE)
To: Mark Gotcher (ADE); Johnny Key (ADE)
Subject: Re: Special Counsel...and Haas Hall
Date: Friday, March 18, 2016 10:47:49 AM

Dr. Gotcher:

Is there an attachment to Dr. Compton's email that includes the allegations?

Thanks,
Kendra

Kendra Clay
General Counsel
Arkansas Department of Education
Four Capitol Mall, Room 404-A
Little Rock, AR 72201
(501) 683-0960
(501) 682-4249 (fax)
Kendra.Clay@arkansas.gov

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From: "Mark Gotcher (ADE)" <Mark.Gotcher@arkansas.gov>
Date: Friday, March 18, 2016 at 9:41 AM
To: "Johnny Key (ADE)" <Johnny.Key@arkansas.gov>, Kendra Clay <kendra.clay@arkansas.gov>
Subject: FW: Special Counsel...and Haas Hall

I just received the following email from Dr. Compton, Asst Sup for Support Services.

I am hesitant to respond...

mg
Dr. Mark Gotcher
Deputy Commissioner
Arkansas Department of Education
Office: (501) 682-4205
Cell: (501) 218-6012
Email: mark.gotcher@arkansas.gov

From: Gary Compton <gcompton@sdale.org>
Date: Friday, March 18, 2016 at 9:19 AM
To: mgotcher <mark.gotcher@arkansas.gov>

Cc: JARED CLEVELAND <jcleveland@sdale.org>, ADE Jimmy Rollins <jrollins@sdale.org>

Subject: Special Counsel...and Haas Hall

I have no idea as to the veracity of these claims that come from the former employee and Dr. Maranto, but it might be advisable to set up a special investigative counsel to lead the inquiry. I realize the ADE is not an investigative body, but, in this case, I think some investigative action must be required. To be candid, Haas Hall has simply skimmed off the top in both Fayetteville and Bentonville and that is no secret. If their lottery process was, in fact, a true lottery their make-up would mirror the communities they serve.

Mark, it is time to act. Frankly, I truly think you have no choice as doing nothing is not an option.

Warmest Regards,

Gary Compton

1/26/18, 10:43 AM

Hey you- I am being asked for access to the lottery system code by [REDACTED] & [REDACTED]. I asked to see what they were needing so that I could hopefully send their requests on to you, and get you to make some edits for them, but I am being told that they need immediate direct access so I don't really know what to do there. I would love if you would make sure and back up the system before they get access, as I don't want anything to get irreparably messed up. Could you help out with this?

2/21/18, 8:29 AM

Hey kiddo- did [REDACTED] get in touch with you about the lottery site? Something wasn't quite right about the drawing last night.

No, he hasn't? I shared access to all the code with [REDACTED] and I assumed [REDACTED] got ahold of it, too, because I know they were wanting to transfer some of the code to a different server.

Did you by chance check out the drawing on FB?

I'm blown away- I think they made a video in advance and put it on as a FB Live. Their website was down last night during the drawing. I had specifically warned [REDACTED] about editing your code or moving it off of google and on to a private server because there was no way to guarantee that they didn't add on additional priorities and the state would be pissed.

So he fired me.

I'm not messed up about it, honestly its the best thing that could have happened... but I was worried they were going to mess with the lottery this year, and they proved me right.

Wait, hold up. You were fired for suggesting that it may not work on a private server?

And what happened with the lottery? Did it not randomize the students? I have no clue if anything was edited by them.

Lottery-Website.pdf

I started suspecting they were wanting to mess with the lottery last spring, and I've been kept out of the loop completely... yesterday I logged on to the website to find all of my admin access had been revoked. the site crashed at the beginning of the drawing last night, but the "live" FB video never stopped.

I think they drew the lottery in advance, video taped it, and built in priorities for the kids they wanted in. So basically, the white ones with money.

[REDACTED] sent me an email asking for the code, which I sent to him, but that's the last I ever heard from him or [REDACTED]. I never knew that there were any complications regarding the Google site, and since I don't get notifications for Facebook messenger, I didn't see your message until very very recently.

I had no issue with them editing the code because they could do whatever they wanted with it. Since there was no contract delineating who had ownership of the code once [REDACTED] and I received payment, I assumed that upon payment, I implicitly transferred ownership to Haas Hall.

Whether or not they pre-ran the lottery, I have no idea. If the live video shows that the website crashed yet they still could get a spreadsheet of admitted kids, I'd be very curious to know how they conducted that without a functioning lottery site.

Yep, same. It was just such a strange request, and I felt like I explained pretty well to him that while he COULD edit the code, it would look bad, and that I felt that he should hire you to make changes instead. I just can't believe he's gone to such lengths to mess w/ the lottery again. It was one problem we finally had solved! ha

If I get any updates, I'll let you know. This is very unfortunate, and I'm sorry

No big deal! I figured he likely got the code when I saw they were using it last night. And you were totally right to give it to him- I just hate that they edited it because it

CONFIDENTIAL SETTLEMENT AGREEMENT AND MUTUAL RELEASE

The parties to this Settlement Agreement and Mutual Release (the "*Agreement*"), dated April 18, 2018, is between Heather Holoway and The Academy, Inc., its officers, agents, employees, and assigns, (the "*Parties*"). All Parties wish to amicably resolve any and all claims, disputes, and issues surrounding payment for employment or independent contractor, together with all demands for reimbursement for computer fees or all things Internet related on which Holoway had dealings.

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth herein, it is agreed by and between the undersigned as follows:

Consideration.

Heather Holoway hereby accepts and confirms receipt of a cashier's check to her for twenty eight thousand dollars (\$28,000) in full and final settlement of all claims or demands known or unknown as more fully described, below in the Mutual Release.

Return/Divestiture of Website Access and Other Permissions.

Not later than April 19, 2018 at 3:00 p.m., Holoway agrees to provide and assign all access to the Haas Hall Academy websites, domains, and full and unrestricted access and all permissions relating to all things Internet, Social Media, and data relative to Haas Hall and all materials associated with that engagement in native format and with full cooperation.

Release.

The Parties, for themselves, their representatives, successors, agents, assigns, attorneys, members, and present and past employees, hereby covenant not to sue and fully release and discharge one another and all of their representatives, successors, assigns, agents, attorneys, members, present and past employees, and heirs, with respect to and from any and all claims, demands, rights, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, debts, costs, expenses, attorneys' fees, damages, judgments, orders and liabilities of whatever kind or nature in law, equity or otherwise, known or unknown, suspected or unsuspected, direct or consequential, foreseen or unforeseen, matured or unmatured, and whether or not concealed or hidden, which the Parties now own or hold, or have at any time heretofore owned or held, arising out of, or related to, any allegation which was or could have been asserted prior to the execution of this Agreement.

Non-disparagement.

The Parties agree not to make false and/or disparaging statements (whether true or not) concerning any of the other; the Parties further agree not to take any actions or conduct themselves in any way that would reasonably be expected to adversely affect the reputation or goodwill of any of the other.

No Admission of Liability.

The Parties understand and acknowledge that this Agreement is in settlement of disputed claims and is not an admission of liability and does not admit or concede any fact, claim or defense by either of the Parties, and shall not be used or construed as such in any legal, administrative or other proceeding. This Agreement constitutes a compromise and settlement of contested claims.

Confidentiality.

The Parties agree to keep the terms of this Agreement confidential and not to disclose the terms to anyone except: (1) to legal, financial and tax advisors as reasonably necessary for their engagement; (2) as may be required by law; and (3) to enforce each Party's respective rights stated in this Agreement in a judicial proceeding. To the extent a Party is asked to disclose the Agreement pursuant to (2) above, the disclosing party shall provide the non-disclosing party notice within two (2) days of receipt of such notice to disclose so that the non-disclosing party may seek an appropriate protective order prior to the disclosing party making any disclosure. Notwithstanding the foregoing, each Party may disclose that the dispute between the Parties has been resolved to its satisfaction.

Choice of Law and Venue.

This Agreement, its performance and its enforcement (including matters arising out of or related to this Agreement or its making, performance or breach), shall be governed by, and construed in accordance with, the internal laws of the State of Arkansas, without regard to its conflict of laws principles or choice of law doctrine.

Attorneys' Fees; Breach.

Each Party shall bear its own costs, fees and expenses; however, after the execution of this Agreement, should a Party hereto incur costs, expenses, or attorneys' fees for the purpose of enforcing, defending or preventing a breach of this Agreement in any proceeding, and that Party is determined by a court of competent jurisdiction to be the prevailing Party in such proceeding, such Party shall be entitled to recover its reasonable costs, expenses and attorneys' fees incurred in connection with such proceeding.

Integration.

This Agreement constitutes the entire integrated agreement between the Parties with respect to the subject matters herein and supersedes all prior agreements (whether written or oral). This Agreement may not be modified or altered except by a writing signed by both Parties.

Severability.

If any provision of this Agreement is held by a court of competent jurisdiction to be illegal or unenforceable, such provision shall be severed from this Agreement and have no force

and effect. However, the illegality or unenforceability of such provision shall have no effect upon, and shall not impair the enforceability of, any other provision of this Agreement.

Execution.

This Agreement may be signed in counterparts by the Parties, which, taken together, shall be deemed to constitute one and the same Agreement. Once the Agreement is signed by a Party, the signed signature page of the Agreement shall be faxed or sent electronically to counsel for the other Party. The Agreement becomes effective upon receipt of the Parties' faxed signatures.

Voluntary Agreement.

In entering into this Agreement, each of the Parties represents that it has had the opportunity to discuss this Agreement with counsel of its choosing, that the terms of this Agreement have been completely and carefully read by such Party, and that the Party knows and understands the contents of the Agreement, and **THE PARTY HAS SIGNED THIS AGREEMENT FREELY AND VOLUNTARILY.** The person signing this Agreement on behalf of each Party specifically warrants and represents that he or she has the authority to bind that Party and to execute this Agreement on behalf of that Party.


Heather Holoway

April 19, 2018
Date


The Academy, Inc.

Date

This project was not a class assignment. Heather Holaway, I believe, had approached both me and [REDACTED], and we agreed to take on this project in our free time.

I can't remember exactly how much we were paid; let me ask [REDACTED]. Neither [REDACTED] nor I knew how much we were going to be paid prior to this project, but we knew we'd get at least something.

Gotcha. Yes, Heather Holaway would make sense. Mark Henry (Haas Hall's lawyer) told the State Board of Education that Heather Holaway developed the lottery. But FOIA suggested more collaboration.

During class one day, Dr. S walked into our AP Computer Science class and handed us an envelope with cash. I have no idea whether the money came from Haas Hall funds or if it was his personal money. All I know is that we were paid.

^ To clarify, [REDACTED] and I both received individual envelopes, both containing the same amount of money. We didn't receive a joint envelope. I don't know if that makes a difference lol

We were in the same class. ([REDACTED] and I had most of our classes together.)

Now, let me see if I can find this early 2018 stuff

I'm sure it doesn't make a difference 🧐 Cash is cash, and would be pretty hard to trace.

17

< All Inboxes

12 Messages

Lottery Website



[Redacted]

Yesterday

KB

To: Heather Cc: [Redacted]

Details

Heather,

Do you have access to the Google site that [Redacted] used to host the lottery? If so, could you send me the username and password as soon as possible?

Thanks!

[Redacted]

[Redacted]
Admissions
[Redacted]**Haas Hall Academy**

Office: 479-966-4930

Fax: 479-966-4932

3880 N. Front Street, Fayetteville, Arkansas 72703

2600 S.E. J Street, Bentonville, Arkansas 72712

922 E. Emma Avenue, Springdale, Arkansas 72764

121 W. Poplar Street, Rogers, Arkansas 72756

haashall.org

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< All Inboxes

12 Messages

Lottery Website

 Heather Holaway

Yesterday

HH

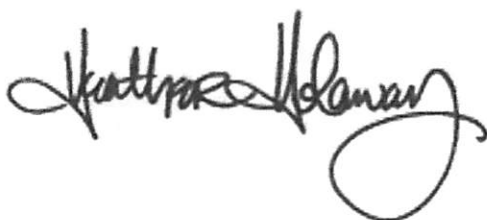
To: [REDACTED] Cc: [REDACTED]

Details

Here's the link! No login required! <http://lottery.haashall.org>

May I ask what you're wanting the login for? It looks like the date needs to be changed on the front end... that said, we don't have edit access in that capacity. This program is hosted in a high-level coding environment and needs to be altered only by people who have the expertise to do so properly. I don't think I'm advanced enough to make changes and don't have access to edit it (which is really for the best, I'd say!). If you'll let me know what you're wanting to do, I can track down information on how to do it and help you figure out who you'll need to get any edits made. If its as simple as a date change, I bet we could ask [REDACTED] to handle it for us!

Thanks!



< All Inboxes

12 Messages
Lottery Website



8:09 AM



To: Heather Holaway

Details

Dear Heather:

Please send the requested info!

Thanks!



On Thu, Jan 25, 2018 at 4:12 PM, Heather Holaway <heatherholaway@haashall.org> wrote:

Here's the link! No login required!

<http://lottery.haashall.org>

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MAIL

now

You have 6 new Mail notifications

Heather Holaway

10:29 AM

HH

To: [REDACTED]

Details

As stated in my email to you and [REDACTED] yesterday, we do not have edit capacity. I do not, and cannot grant access or give logins to something i don't have. If you or [REDACTED] need further help I am happy to help you request edits as i know the system well, but we do not have any login that permits us to edit [REDACTED]'s code. This is to protect the integrity of his creation.

Thanks.

Heather



Heather Holaway
Executive Director of Marketing &
Communications
HeatherHolaway@haashall.org

Haas Hall Academy
Office: 479-966-4930 / Fax: 479-966-4932
3880 N Front Street, Fayetteville, Arkansas
72703
2660 SE J Street, Bentonville, Arkansas 72712
haashall.org

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< All Inboxes

15 Messages
Lottery Website

10:31 AM



To: Heather Holaway

Details

Dear Heather:

We don't want to change [REDACTED]'s code. We need access to change dates, etc. Again, I ask that you give me full access.

Sincerely,



On Fri, Jan 26, 2018 at 10:29 AM, Heather Holaway <heatherholaway@haashall.org> wrote:

As stated in my email to you and [REDACTED] yesterday, we do not have edit capacity. I do

Show Quoted Content



HAAS HALL ACADEMY

3880 N. Front Street, Fayetteville, Arkansas 72703

479.966.4930



< All Inboxes

15 Messages

Lottery Website

★ Heather Holaway

10:34 AM

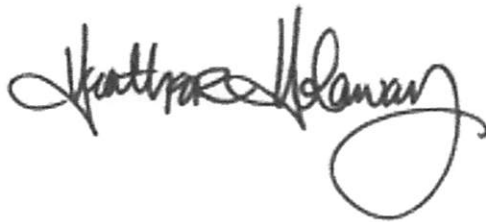
HH

To: [REDACTED]

Details

Hi [REDACTED], once again, I do not have access. I will contact [REDACTED] and ask that he grants access. He will need an email address to grant access for. What email should he authorize? This is not as simple as giving a login, as I'm sure he'd be happy to explain as well.

Thanks!

**Heather Holaway**Executive Director of Marketing & Communications
HeatherHolaway@haashall.org**Haas Hall Academy**Office: 479-966-4930 / Fax: 479-966-4932
3880 N Front Street, Fayetteville, Arkansas 72703
2600 SE J Street, Bentonville, Arkansas 72712
haashall.org

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< All Inboxes

15 Messages
Lottery Website

To: Heather Holaway

10:36 AM

Details





Dear Heather:

I paid for the services. All access, information related therein are my property. I expect to have access today.

Sincerely,

On Fri, Jan 26, 2018 at 10:34 AM, Heather Holaway <heatherholaway@haashall.org> wrote:

Hi , once again, I do not have access. I will contact  and ask that he grants

Show Quoted Content

--


HAAS HALL ACADEMY

3880 N. Front Street, Fayetteville, Arkansas 72703



< All Inboxes

15 Messages

Lottery Website

Heather Holaway

10:41 AM

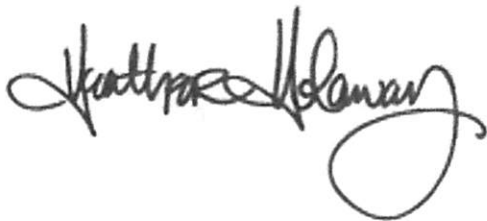
HH

To:

Details

If you'll remember, we asked two scholars in a classroom environment to create this system. There were no terms agreed upon with those scholars and any payment you rendered was an agreement made between you and those scholars, and [REDACTED], as their advisor, I believe. I will once again say I don't have access and can't give you access, but I have put an urgent call in to [REDACTED] to find out what I can do to satisfy your request.

Thanks!

**Heather Holaway**Executive Director of Marketing & Communications
HeatherHolaway@haashall.org**Haas Hall Academy**Office: 479-966-4930 / Fax: 479-966-4932
3880 N Front Street, Fayetteville, Arkansas 72703
2600 SE J Street, Bentonville, Arkansas 72712
haashall.org

< All Inboxes

15 Messages

Lottery Website

 Heather Holaway

11:01 AM

HH

To: [REDACTED]

Details

I think its important to note that we specifically asked [REDACTED] and [REDACTED] to develop this system to function without any faculty member at any school having access to the backend of the system. This was in an effort to protect the integrity of the system as a true third-party randomizer. This intent was communicated to the representatives from the Board of Ed when we presented the system, as well as to our stakeholders during the lottery drawing.

I have never edited [REDACTED]'s code directly, and have specifically requested not to have access to do so. Last year, instead of making any direct edits to the system myself, I hired a third party designer ([REDACTED]) to style the system who then gave the styled code to [REDACTED] to inspect for inconsistencies before it was uploaded. My intent was communicated fully to you and you agreed that was the best way for us to present a transparent lottery drawing. [REDACTED] gave

< All Inboxes

15 Messages

Lottery Website

that was the best way for us to present a transparent lottery drawing. [REDACTED] gave me lower-level access to the system, as you can see from this screenshot of the admin panel. I do not have any ability to add or remove users, nor do I have any access to the code itself. If you will notice, the Add and Remove options are both greyed out for me.

From your emails this morning, it is obvious to me that you don't believe me, so if you'd like to communicate directly with [REDACTED], here is his email: [REDACTED]

Google Cloud Platform haas-hall-lottery

IAM & admin IAM + ADD - REMOVE

Permissions for project "haas-hall-lottery"

These permissions affect the entire "haas-hall-lottery" project and all of its resources. To grant permissions, add a member and then select a role for them. Members can be people, domains, groups, or service accounts. Some roles are in beta development and might be changed or deprecated in the future. [Learn more](#)

Filter by name or role View by Members

Type	Members	Role(s)
Compute Engine default service account	1017697044245-compute@developer.gserviceaccount.com	Editor
Google APIs service account	1017697044245@repo.gserviceaccount.com	Editor
App Engine default service account	haas-hall-lottery@appspot.gserviceaccount.com	App Engine Admin
Heather Holway	heatherholway@haashall.org	Editor
service-1017697044245@source-repo-service-accounts.iam.gserviceaccount.com		Cloud Source Repositories Service Agent

Thanks!

< All Inboxes

15 Messages
Lottery Website



[Redacted]

11:13 AM



To: Heather Holaway

Details

Dear Heather:

I believe you! I just want access for my employees here. I got stuck in the middle. Can you fix what they want to "fix?"

Sincerely,

[Redacted]

On Fri, Jan 26, 2018 at 11:01 AM, Heather Holaway <heatherholaway@haashall.org> wrote:

I think its important to note that we specifically asked [Redacted] and [Redacted] to

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< All Inboxes

15 Messages
Lottery Website

Heather Holaway

11:17 AM

HH

To: [REDACTED]

Details

I cannot. I do not have the programming experience to do so. I really think hiring [REDACTED] to make those changes, which is what I suggested to [REDACTED] yesterday, is the best option. I've asked for him to get back with me urgently. I'll let you know when I hear from him.

Thanks!

**Heather Holaway**

Executive Director of Marketing & Communications
HeatherHolaway@haashall.org

Haas Hall Academy

Office: 479-966-4930 / Fax: 479-966-4932
3880 N Front Street, Fayetteville, Arkansas 72703
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< All Inboxes

15 Messages
Lottery Website



[Redacted]

11:41 AM



To: Heather Holaway

Details

Dear Heather:

Thank you! I appreciate your assistance! Get to feeling better. Have a good weekend!

Sincerely,

[Redacted]

On Fri, Jan 26, 2018 at 11:17 AM, Heather Holaway <heatherholaway@haashall.org> wrote:

I cannot. I do not have the programming experience to do so. I really think hiring

Show Quoted Content



--



[Redacted]

HAAS HALL ACADEMY
3880 N. Front Street, Fayetteville, Arkansas 72703

--

[Redacted]



< Inbox

18 Messages

Lottery Website

Heather Holaway

Friday

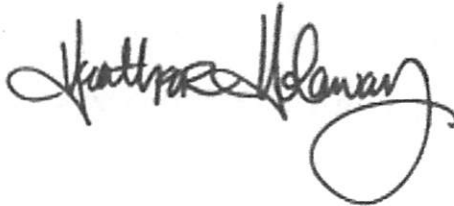
Details

HH

To: [REDACTED]

Have you communicated directly with [REDACTED] regarding these requested changes? I haven't heard back from him yet, and just wanted to make sure you wanted me to get in touch with him. If so, would you prefer he make the changes himself? If so, will you get a list of requested changes for him?

Thanks!

**Heather Holaway**

Executive Director of Marketing & Communications
HeatherHolaway@haashall.org

Haas Hall Academy

Office: 479-966-4930 / Fax: 479-966-4932
3880 N Front Street, Fayetteville, Arkansas 72703
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Inbox

18 Messages

Lottery Website



To: Heather Holaway

Friday
Details



Dear Heather:

All done!

Sincerely,

[Redacted signature]

On Fri, Feb 16, 2018 at 1:04 PM, Heather Holaway <heatherholaway@haashall.org> wrote:

Have you communicated directly with [Redacted] regarding these requested

Show Quoted Content



--



[Redacted address line]

HAAS HALL ACADEMY

2990 N. First Street Fayetteville, Arkansas 72703



Matthew Cunningham

Active 1h ago

JAN 19, 2019, 5:02 PM

Hello again! Would you consider telling me the name of the Haas Hall representative to whom you gave access to the lottery code last January/February?

John Daily

I sent him the link to the code. He was also the AP Comp Sci teacher.



MAKE A GIFT



**Thank you to the Families & Friends of Haas Hall Academy who
gotten our Annual Fund Campaign off to an excellent start!**

Visionary >

Valedictorian >

Top of the Class >

Dean's List >

Principal >

VISIONARY

Anonymous

Billie Jo Starr

Walmart Foundation

Walton Family Foundation

Add your name to this list. Make a Gift today!

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2016**Open to Public Inspection****A** For the 2016 calendar year, or tax year beginning **07/01/16**, and ending **06/30/17****B** Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization**Academy Foundation, Inc**

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

3880 N. Front St.

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

Fayetteville**AR 72703****D** Employer identification number**46-3471569****E** Telephone number**479-699-4930****G** Gross receipts \$ **1,600,186****F** Name and address of principal officer**Martin Schoppmeyer****3880 N. Front St.****Fayetteville****AR 72703****H(a)** Is this a group return for subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list (see instructions)

I Tax-exempt status☒ 501(c)(3)☐ 501(c) ()

(insert no)

☐ 4947(a)(1) or☐ 527**J** Website **N/A****H(c)** Group exemption number**K** Form of organization☒ Corporation☐ Trust☐ Association☐ Other**L** Year of formation **2013****M** State of legal domicile **AR****Part I Summary****1** Briefly describe the organization's mission or most significant activities

This Foundation's purpose is to support the educational activities of The Academy, Inc dba Haas Hall Academy, a public, open-enrollment charter school.

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets**3** Number of voting members of the governing body (Part VI, line 1a)**3****4** Number of independent voting members of the governing body (Part VI, line 1b)**3****5** Total number of individuals employed in calendar year 2016 (Part V, line 2a)**0****6** Total number of volunteers (estimate if necessary)**0****7a** Total unrelated business revenue from Part VIII, column (C), line 12**0****b** Net unrelated business taxable income from Form 990-T, line 34**0****RECEIVED****MAY 21 2018****OGDEN, UT**

Activities & Governance

8 Contributions and grants (Part VIII, line 1h)

Prior Year

690,060

Current Year

1,599,847**9** Program service revenue (Part VIII, line 2g)**0****10** Investment income (Part VIII, column (A), lines 3, 4, and 7d)**146****339****11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)**0****12** Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)**690,206****1,600,186**

Revenue

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)**0****14** Benefits paid to or for members (Part IX, column (A), line 4)**0****15** Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)**0****16a** Professional fundraising fees (Part IX, column (A), line 11e)**0****b** Total fundraising expenses (Part IX, column (D), line 25) ▶**20,936****17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)**765,156****1,194,646****18** Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)**765,156****1,194,646****19** Revenue less expenses Subtract line 18 from line 12**-74,950****405,540**

Expenses

20 Total assets (Part X, line 16)

Beginning of Current Year

915,448

End of Year

1,320,988**21** Total liabilities (Part X, line 26)**497,893****497,893****22** Net assets or fund balances. Subtract line 21 from line 20**417,555****823,095****Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

Martin Schoppmeyer**Executive Director**

Type or print name and title

Date

5.15.18

aid

Preparer Use Only

Print/Type preparer's name

Timothy A. Bunch

Preparer's signature

Timothy A. Bunch

Date

5/14/18Check ☐ if self-employed

PTIN

P00460119Firm's name ▶ **Timothy A. Bunch, CPA, PA**Firm's EIN ▶ **71-0802928**

P.O. Box 6848

Firm's address ▶ **Springdale, AR 72766**Phone no **479-361-2201**

May the IRS discuss this return with the preparer shown above? (see instructions)

X Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2016)

DAA

SCANNED AUG 06 2018

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **2****Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission.

This Foundation's purpose is to support the educational activities of The Academy, Inc dba Haas Hall Academy, a public, open-enrollment charter school.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code) (Expenses \$ **1,173,710** including grants of \$) (Revenue \$)
Operation for support of a charter high school under the Arkansas Department of Education.

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **1,173,710**

Form 990 (2016) Academy Foundation, Inc

Part IV Checklist of Required Schedules

- 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A
- 2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?
- 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I
- 4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II
- 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III
- 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I
- 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II
- 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III
- 9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV
- 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V
- 11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.
 - a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI
 - b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII
 - c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII
 - d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX
 - e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X
 - f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X
- 12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII
- b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional
- 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
- 14a Did the organization maintain an office, employees, or agents outside of the United States?
 - b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV
- 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV
- 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV
- 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)
- 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II
- 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

	Yes	No
1	X	
2		X
3		X
4		X
5		X
6		X
7		X
8		X
9		X
10		X
11a	X	
11b		X
11c		X
11d		X
11e		X
11f		X
12a		X
12b		X
13		X
14a		X
14b		X
15		X
16		X
17		X
18		X
19		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **5****Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
d	If "Yes," indicate the number of Forms 8282 filed during the year.		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **6**

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☒

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	3	
b Enter the number of voting members included in line 1a, above, who are independent.	3	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	X
6 Did the organization have members or stockholders?	6	X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a	X
b Each committee with authority to act on behalf of the governing body?	8b	X
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.	9	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13.	12a	X
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.	12c	
13 Did the organization have a written whistleblower policy?	13	X
14 Did the organization have a written document retention and destruction policy?	14	X
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official.	15a	X
b Other officers or key employees of the organization.	15b	X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed: **None**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **►**

Martin Schoppmeyer
Fayetteville

3155 N. College

AR 72703

479-966-4930

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **7****Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Marilyn Schoppmeyer	0.00									
Director	0.00	X						0	0	0
(2) Carin Schoppmeyer	0.00									
Director	0.00	X						0	0	0
(3) Martin Schoppmeyer	0.00									
Executive Director	0.00			X				0	0	0
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **9****Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	1,599,847			
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f	\$	498			
	h Total. Add lines 1a-1f		1,599,847			
Program Service Revenue	2a	Busn Code				
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f					
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		339		
4 Income from investment of tax-exempt bond proceeds						
5 Royalties						
6a Gross rents		(i) Real (ii) Personal				
b Less rental exps						
c Rental inc or (loss)						
d Net rental income or (loss)						
7a Gross amount from sales of assets other than inventory		(i) Securities (ii) Other				
b Less cost or other basis & sales exps						
c Gain or (loss)						
d Net gain or (loss)						
8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18		a				
b Less direct expenses		b				
c Net income or (loss) from fundraising events						
9a Gross income from gaming activities See Part IV, line 19		a				
b Less direct expenses		b				
c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances		a				
b Less cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Busn Code				
11a						
b						
c						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total revenue. See instructions		1,600,186	0	0	339	

Form 990 (2016) **Academy Foundation, Inc****46-3471569**Page **10****Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal	17,734	17,734		
c Accounting	2,900	2,900		
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	20,936			20,936
12 Advertising and promotion	53,494	53,494		
13 Office expenses	6,173	6,173		
14 Information technology	16,429	16,429		
15 Royalties				
16 Occupancy	419,383	419,383		
17 Travel	12,724	12,724		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	7,925	7,925		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	185,336	185,336		
23 Insurance	20,573	20,573		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Contract labor	231,083	231,083		
b Student Activities	121,651	121,651		
c Academic Expense	34,620	34,620		
d Supplies	19,518	19,518		
e All other expenses	24,167	24,167		
25 Total functional expenses. Add lines 1 through 24e	1,194,646	1,173,710	0	20,936
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				



HAAS HALL ACADEMY CHARTER SCHOOL

FAYETTEVILLE, ARKANSAS

***FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016***

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***INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

The board
Haas Hall Academy
Fayetteville, Arkansas

I have audited the accompanying financial statements of **Haas Hall Academy Charter School** (the "School"), as of and for the years ending June 30, 2017 and 2016, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting procedures generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Haas Hall Academy Charter School** as of June 30, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplemental Information

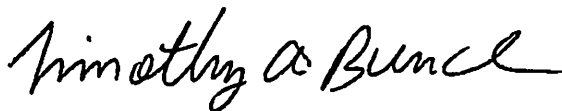
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 4 through 8 and 20, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of activities by program, the schedule of expenditures of state awards and the expenditures of federal awards, as listed in the table of contents, 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 related directly to 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 3, 2018, on my consideration of the entity's internal control over financial reporting and my tests of its compliance with certain provisions of law, 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 Haas Hall Academy internal control over financial reporting and compliance,



Timothy A. Bunch, CPA PA
Springdale, Arkansas
May 3, 2018

**HAAS HALL ACADEMY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016**

The Academy, Inc. (HHA) is a 501(c)(3) non-profit corporation holding a contract (or charter) from the Arkansas State Board of Education to operate a public school. This report is for Haas Hall Academy Charter School (The School) Fayetteville location which is operated by HHA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the School's financial performance presents a review of the School's financial activities for the fiscal years ended June 30, 2017 and 2016. The intent of this discussion and analysis is to provide an easy to read overview of these activities and explain the School's financial position. Readers should also review the notes to the basic financial statements and financial statements, which immediately follow this section.

Fiscal Year 2017 Financial Highlights:

Total revenues were \$3,470,026 which was \$95,088 less than total expenses.

Outlays for capital assets accounted for \$87,340 of total expenditures.

Enrollment went from 341 to 343 and funding from the state decreased by \$45,363.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school.

The first two statements are school-wide financial statements that provide both short-term and long-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the school-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by the section of required supplementary information that further explains and supports the financial statements with a comparison of the School's budget for the year.

School-Wide Statements

The school-wide statements report information about the school as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the school's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The school-wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial position. Over time, increases or decreases in the school's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

In the school-wide financial statements all of the School's activities are reported as government activities. State aid and private charitable funding finance most of the activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law; other funds are established to control and manage money for particular purposes or to show revenues are being properly used (such as federal grants).

All of the Schools services are included in governmental funds, which generally focus on:

- a. how cash and other financial assets that can readily be converted to cash flow in and out
- b. the balance left at year-end that is available for spending

Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, additional information is provided that explains the relationship (or difference) between them.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's combined assets were \$2,152,906 on June 30, 2017, which is an increase of 0.01% over the previous year. Since the school has been at the maximum number of students for the past two years, cash inflows have remained constant. During the year ended June 30, 2016, expenses were approximately \$173,472 higher than the previous year while revenues were approximately \$749,709 lower than the previous year.

THE IMPACT OF GASB 68

The Governmental Accounting Standard Board (GASB) is responsible for setting standards that establish generally accepted accounting principles (GAAP) for governmental financial statements. GASB 68 is a set of new standards intended to improve transparency and accountability and to standardize actuarial practices in reporting pension obligations. Since Haas Hall Academy participates in a defined benefit pension plan with Arkansas Teachers Retirement System (ATRS), GASB 68 standards apply to Haas Hall Academy's audited financial statements.

The effects this standard has on Haas Hall Academy's financial position as of June 30, 2017 is to reflect a non-current liability called "Net pension liability" of \$2,005,618. This represents Haas Hall Academy's pro-rata share of the net pension liability of ATRS as a whole and has been calculated based upon the proportionate share of employer contributions to ATRS. Two line items on the statement of net position called "Deferred outflows of resources related to pension" and "Deferred inflows of resources related to pension" total \$634,188 and \$35,705, respectively. The first is treated as a component of the overall total asset of Haas Hall Academy and the second is treated as a component of the overall total liabilities of Haas Hall Academy. These amounts are the result of the difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan and investments, and contributions made subsequent to the measurement date.

CONDENSED STATEMENTS OF NET POSITION

	June 30, 2017	June 30, 2016
Assets		
Current assets	\$ 1,042,789	\$ 1,034,653
Net capital assets	1,110,117	1,118,194
Deferred outflows of resources related to pension	634,188	190,234
Total assets	<u>2,787,094</u>	<u>2,343,081</u>
Current Liabilities		
Accrued expenses	104,959	106,971
Notes payable	950,000	950,000
Total current liabilities	<u>1,054,959</u>	<u>1,056,971</u>
Non-current liabilities		
Net pension liabilities	<u>2,005,618</u>	<u>1,163,858</u>
Deferred inflows of resources related to pension	<u>35,705</u>	<u>336,352</u>
Net assets		
Undesignated	(469,305)	(382,294)
Invested in capital	160,117	168,194
Total net assets	<u>\$ (309,188)</u>	<u>\$ (214,100)</u>

**CONDENSED STATEMENTS OF
REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEARS ENDED**

	June 30, <u>2017</u>	June 30, <u>2016</u>
Revenues		
Program Revenues		
Charges for services	\$ 2,565,804	\$ 2,611,167
Operating grants and contributions	162	771,770
General Revenues		
Student activity revenue	144,299	75,493
Other	240	1,784
Total revenue	<u>2,710,505</u>	<u>3,460,214</u>
 Expenses		
Instructional services	1,930,953	1,751,422
Operational and maintenance	730,369	815,435
Student activity costs	144,271	65,264
Total expenses	<u>2,805,593</u>	<u>2,632,121</u>
 Change in net assets	(95,088)	828,093
Net assets - beginning of year	(214,100)	(1,042,193)
Net assets - end of year	<u>\$ (309,188)</u>	<u>\$ (214,100)</u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Capital Assets

During fiscal year 2017, the School spent \$87,430 on additional fixed assets, including buildings and land.

FACTORS BEARING ON THE SCHOOL'S FUTURE

At June 30, 2017, 343 students were enrolled and at May 3, 2018, 668 students were enrolled. At June 30, 2016, 341 students were enrolled and at April 25, 2017, 345 students were enrolled. Of the 668 students at May 3, 2018, 355 were at the Fayetteville location, 151 at the Springdale location and 162 at the Rogers location.

Subsequent to the end of the audit period, the Arkansas Department of Education approved two additional locations from which Haas Hall Academy could operate. A Springdale location was approved for grades 7-10 with grades 11 and 12 being added during June 30, 2019 and June 30, 2020, respectively. A maximum of 500 students will be allowed. A Rogers location was also approved under the same terms and conditions.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Administrator's Office, Haas Hall Academy, 3880 North Front Street, Fayetteville, Arkansas 72703. The phone number is (479) 966-4930.

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
STATEMENTS OF NET POSITION
JUNE 30,**

	2017 Governmental Activities	2016 Governmental Activities
ASSETS		
Current assets		
Cash	\$ 573,356	\$ 516,128
Deposits	0	11,184
Prepaid expenses	0	6,178
Due from affiliated entities	469,433	501,164
Total current assets	<u>1,042,789</u>	<u>1,034,654</u>
Capital assets (net of accumulated depreciation)	<u>1,110,117</u>	<u>1,118,194</u>
Total assets	<u>2,152,906</u>	<u>2,152,848</u>
Deferred outflows		
Deferred outflows of resources related to pension	<u>634,188</u>	<u>190,234</u>
Total deferred outflows	<u>634,188</u>	<u>190,234</u>
LIABILITIES		
Current liabilities		
Accounts payable	55,338	52,967
Accrued expenses	49,621	54,005
Total current liabilities	<u>104,959</u>	<u>106,972</u>
Notes payable, net of current portion	<u>950,000</u>	<u>950,000</u>
Non-current liabilities		
Net pension liabilities	<u>2,005,618</u>	<u>1,163,858</u>
Deferred inflows		
Deferred inflows of resources related to pension	<u>35,705</u>	<u>336,352</u>
NET ASSETS		
Unrestricted	(469,305)	(382,294)
Investment in capital assets, net of related debt	<u>160,117</u>	<u>168,194</u>
Total net assets	<u>\$ (309,188)</u>	<u>\$ (214,100)</u>

The accompanying notes are an integral part of these financial statements.

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
STATEMENTS OF ACTIVITIES
JUNE 30,**

			2017 Net (Expense) Revenue and Changes in Net Assets			2016 Net (Expense) Revenue and Changes in Net Assets
		2017 Revenues	2017 Total		2016 Revenues	2016 Total
	2017 <u>Expense</u>	Operating Grants and Contributions	Governmental Activities	2016 <u>Expense</u>	Operating Grants and Contributions	Governmental Activities
Governmental Activities						
Instructional services	\$ 1,930,953	\$ 0	\$ (1,930,953)	\$ 1,751,422	\$ 0	\$ (1,751,422)
Operation and maintenance	730,369	0	(730,369)	815,435	0	(815,435)
Student activity cost	144,271	144,299	28	65,264	75,493	10,229
	<u>2,805,593</u>	<u>144,299</u>	<u>(2,661,294)</u>	<u>2,632,121</u>	<u>75,493</u>	<u>(2,556,628)</u>
General Revenues:						
Federal and state aid not restricted to specific purposes		2,565,804	2,565,804		2,611,167	2,611,167
Other revenue		402	402		773,554	773,554
Total general revenues			<u>2,566,206</u>			<u>3,384,721</u>
Change in net assets			(95,088)			828,093
Net assets - beginning, as previously stated			<u>(214,100)</u>			<u>(1,042,193)</u>
Net assets - beginning, as restated			\$ <u><u>(309,188)</u></u>			\$ <u><u>(214,100)</u></u>

The accompanying notes are an integral part of these financial statements.

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
BALANCE SHEETS - GOVERNMENTAL FUNDS
JUNE 30,**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 573,356	\$ 516,128
Deposits	0	11,184
Prepaid expenses	0	6,178
Due from affiliated entities	469,433	501,164
Total assets	<u>\$ 1,042,789</u>	<u>\$ 1,034,654</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accrued expenses	\$ 104,959	\$ 106,972
Total liabilities	<u>104,959</u>	<u>106,972</u>
 Fund Balances		
Undesignated	937,830	927,682
Total fund balances	<u>937,830</u>	<u>927,682</u>
 Total liabilities and fund balances	 <u>\$ 1,042,789</u>	 <u>\$ 1,034,654</u>

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEETS TO THE STATEMENTS OF NET POSITION
JUNE 30,**

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Total fund balance for government funds	\$ 0	\$ 937,830	\$ 0	\$ 927,682
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in government activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets and accumulated depreciation is	1,563,124 (453,007)		1,475,783 (357,589)	
		1,110,117		1,118,194
Real estate notes payable		(950,000)		(950,000)
Net pension liability, which is not due and payable in the current periods, and therefore is not reported as liabilities in the funds.		(2,005,618)		(1,163,858)
Deferred inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		(35,705)		(336,352)
Deferred outflows of resources related to pensions are applicable to future reporting periods, therefore, are not reported in the funds.		<u>634,188</u>		<u>190,234</u>
Total net assets - governmental activities		\$ <u>(309,188)</u>		\$ <u>(214,100)</u>

The accompanying notes are an integral part of these financial statements.

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30,**

	2017 <u>General</u>	2016 <u>General</u>
Revenues		
State funding	\$ 2,565,804	\$ 2,611,167
Contributions and grants	162	771,770
Student activity funds	144,299	75,493
Other revenue	240	1,784
	<u>2,710,505</u>	<u>3,460,214</u>
Expenditures		
Operating expenditures		
Instructional and school leadership	1,930,953	1,751,422
Facility	472,839	492,240
Operation	306,384	319,395
Total operating expenditures	<u>2,710,176</u>	<u>2,563,057</u>
Capital expenditures, net of loan proceeds	87,340	47,994
GASB 68 current year adjustments	(97,159)	73,875
Total expenditures	<u>2,700,357</u>	<u>2,684,926</u>
Excess of Revenues Over Expenditures	10,148	775,288
Fund Balance - Beginning of Year	<u>927,682</u>	<u>152,394</u>
Fund Balance - End of Year	\$ <u><u>937,830</u></u>	\$ <u><u>927,682</u></u>

The accompanying notes are an integral part of these financial statements.

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
RECONCILIATION OF THE STATEMENTS OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	<u>2017</u>	<u>2017</u>
Net change in fund balance		\$ 10,148
The changes in net assets reported for governmental activities in the statement of activities is different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceed depreciation in the current period		
Purchase of fixed assets	\$ 87,340	
Depreciation	<u>(95,417)</u>	
Net adjustments for capital expenditures		(8,077)
Writeoff of previously capitalized items		
Loan proceed are reported as financing sources in governmental funds and thus contributed to the change in fund balance. In the statement of net assets there is an increase in liabilities. This increase does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds by reducing the liability in the statement of net assets.		
Line of credit advances	\$ 0	
Repayments	<u>0</u>	
Net adjustments for debt related transactions		0
Advances to affiliated entities		
GASB 68 adjustments		<u>(97,159)</u>
Changes in net assets of governmental activities		\$ <u><u>(95,088)</u></u>

	<u>2016</u>	<u>2016</u>
Net change in fund balance	\$	775,288

The changes in net assets reported for governmental activities in the statement of activities is different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceed depreciation in the current period

Purchase of fixed assets	\$ 47,994	
Depreciation	(69,064)	
	<hr/>	
Net adjustments for capital expenditures		(21,070)
Writeoff of previously capitalized items		0

Loan proceeds are reported as financing sources in governmental funds and thus contributed to the change in fund balance. In the statement of net assets there is an increase in liabilities. This increase does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds by reducing the liability in the statement of net assets.

Line of credit advances	\$ 0	
Repayments	130,000	
	<hr/>	
Net adjustments for debt related transactions		(130,000)
Advances to affiliated entities		130,000
GASB 68 adjustments		<hr/> 73,875
Changes in net assets of governmental activities	\$	<u><u>828,093</u></u>

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Haas Hall Academy Charter School (Lea #72-40-700) (the "School") is an open-enrollment Charter School Located in Washington County and is governed by a seven member board. The School was chartered on January 12, 2004. The statements reflect all funds and accounts directly under the control of the School. Using the criteria of financial accountability, there are no component units that are or should be included in the School's reporting entity.

The accounting policies of the Haas Hall Academy Charter School conform to generally accepted accounting principles applicable to public schools. The following is a summary of the more significant policies.

Fund Accounting

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain school functions and activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise it assets, liabilities, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories.

Government Fund Types:

General Fund - The General Fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Reserve Funds account for revenue sources that are legally restricted to expenditures for specific purposes, or designated by the School to be accounted for separately.

Debt Service Fund - Debt Service Funds account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the School.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange like transactions are recognized when the exchange occurs. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program revenue included in the Statement of Activities derive directly from parties outside the School's taxpayers or citizenry. As a whole, the program revenues reduce the costs of the functions to be financed from the School's general revenue. Such revenues include operating state and federal grants restricted for services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statement (FFS)

Governmental funds are accounted for using a current resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and fund balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting fund by type. Each major fund is presented in a separate column.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except to interest and principal payments on general long-term debt, which is recognized when due.

Assets, Liabilities and Equity

Deposits and Investments

The School's cash and temporary investments consist of cash on hand and demand deposits.

The Arkansas State Statutes authorize the school to invest in general obligation bonds of the United States; bonds, notes, debentures, or other obligations issued by an agency of the United States government; general obligation bonds of the State of Arkansas or in bank certificates of deposit, as and to the extent directed by the School board.

The Statutes also require that School funds in banks shall be secured by general obligation bonds of the United States, bonds, notes, debentures, or other obligations issued by an agency of the United States Government; bonds of the State of Arkansas or by bonds of political subdivision thereof which has never defaulted on any of its obligations, in an amount at least equal to the amount of such deposit or by a bond executed by a surety company authorized to do business in the State of Arkansas. The Director of Education must approve the surety company.

Compensated Absences

The School provides substantially all teachers and other salaried employees one day sick leave for each month contracted or employed. Unused sick leave is carried over to the next school year and is cumulative. The School's administrator earns eighteen days of vacation and sick leave per year. Due to the immateriality of the balance, no liability is reported for unpaid accumulated sick leave.

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available, if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. The School maintains a threshold level of \$500 for capitalizing assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All fixed assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Site Improvements/Infrastructure	20
Buildings	25-50
Furniture and Equipment	5-20

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budgetary Information**

In accordance with Arkansas law, the School adopts an annual budget by September 15 of each fiscal year for the General Special Revenue, Capital Projects and Debt Service Funds prepared on the basis of generally accepted accounting principles. Expenditures of each fund may not legally exceed available resources of that fund.

NOTE 3: CASH

As of the years ended June 30, 2017 and 2016, the School has cash on hand of \$0 and \$0 and \$573,356 and \$516,128 in checking accounts at two regional banks. The checking accounts are categorized to give an indication of the level of risk assumed by the School at period end. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the school or by its agent in the school's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the school's name.

Category 3: Uncollateralized.

Deposits, categorized by level of risk, are:

	2017 Bank Balance	2017 Category 1	2017 Category 2	2017 Category 3	2017 Carrying Amount
General accounting Checking	\$ 341,519	\$ 265,542	\$ 0	\$ 75,977	\$ 341,519
Interest bearing account	231,837	0	0	231,387	231,837
	<u>\$ 573,356</u>	<u>\$ 265,542</u>	<u>\$ 0</u>	<u>\$ 307,364</u>	<u>\$ 573,356</u>
	2016 Bank Balance	2016 Category 1	2016 Category 2	2016 Category 3	2016 Carrying Amount
General accounting Checking	\$ 254,531	\$ 254,531	\$ 0	\$ 0	\$ 254,531
Interest bearing account	261,597	11,010	0	250,587	261,597
	<u>\$ 516,128</u>	<u>\$ 265,541</u>	<u>\$ 0</u>	<u>\$ 250,587</u>	<u>\$ 516,128</u>

At June 30, 2017 and 2016, the School had \$307,814 and \$250,857 in funds that were not FDIC insured or collateralized.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

The school maintains itemized listings of all property, plant and equipment. Fixed assets acquired through purchase or capital lease are valued at historical cost, and those assets donated are valued at their appraised values. Depreciation is recorded using the straight-line method of calculation taking into account the estimated useful life of the asset.

Net changes in property, plant and equipment for the year ended June 30, 2016 and 2015 are summarized as follows:

	Balance 2016	Additions	Subtractions	Balance 2017
Furniture and equipment	\$ 1,475,783	\$ 87,340	\$ 0	\$ 1,563,123
	1,475,783	87,340	0	1,563,123
Accumulated depreciation	357,589	95,417		453,006
	\$ 1,118,194	\$ (8,077)	\$ 0	\$ 1,110,117

	Balance 2015	Additions	Subtractions	Balance 2016
Furniture and equipment	\$ 477,789	\$ 997,994	\$ 0	\$ 1,475,783
	477,789	997,994	0	1,475,783
Accumulated depreciation	288,525	69,064	0	357,589
	\$ 189,264	\$ 928,930	\$ 0	\$ 1,118,194

NOTE 5: NOTES PAYABLE

The school has a line of credit with Regions Bank with an advance limit of \$175,000. Maturity is March 12, 2018 with a variable interest rate at the discretion of the lender, currently 4.5%. During June 2015, the school advanced \$130,000 on the loan and used the money to advance to the Academy Foundation, Inc., an entity formed to be the fundraising arm of the school. In August 2015, an additional \$140,000 was borrowed on the note and subsequently advanced to the Academy Foundation. The entire \$270,000 was paid to the bank in May 2016.

One June 10, 2016, the Walton Family Foundation loaned \$950,000 to the School to purchase real estate located at 3854 N. Front Street, Fayetteville, Arkansas. Repayment terms have been extended with January 2018 becoming the first payment. Two payments per year are required with the first 5 payments being \$156,504 with a final payment of \$167,480 being due in May 2020. Interest is set to 0%.

NOTE 6: RELATED PARTY TRANSACTIONS

From July 1, 2008 to December 31, 2008, the school facility was owned by an LLC with members associated with the School. After the facility move, the School continued to pay rent to the LLC. The rent will end upon the sale of the old facility. Total rental expense for the years ending June 30, 2017 and 2016 was \$39,036 and \$35,536, respectively. On December 18, 2012, the Academy Foundation, Inc. was formed as a non-profit corporation in the state of Arkansas. Finally, in the year ended June 30, 2016 all fundraising by the school has been shifted to the Foundation. Additionally, the Foundation has begun paying certain of the School's expenses.

NOTE 7: OTHER INFORMATION

The School is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Coverage includes property and casualty, general liability and officer liability. There has been no claims under this coverage.

NOTE 8: LEASES

At June 30, 2017, the School was committed to operating in three locations. The Fayetteville locations is for a term of seven years and calls for escalating rents starting at \$22,695 and ending at \$35,820. The School is also paying for its original location in Farmington, Arkansas. The location is for sale and rent will end when the building is leased or sold.

The Springdale location is for five years beginning August 1, 2017 and calls for escalating rents starting at \$23,485 and ending at \$24,922. The Rogers location is for five years beginning August 1, 2017 and calls for escalating rents starting at \$25,833 and ending at \$35,500.

Future lease commitments at June 30, 2017 are as follows:

Year ended	
June 30,	
2018	923,527
2019	1,025,323
2020	1,103,001
2021	1,126,121
2022	1,152,630
Thereafter	96,242
	<u>\$ 5,426,844</u>

For the years ending June 30, 2017 and 2016, rental expenses were \$390,120 and \$406,658 respectively.

NOTE 9: LITIGATION

During the year ended June 30, 2015 the School became a defendant in a lawsuit regarding violation of a lease agreement. While the School did prevail on certain aspects of the case, it did lose on the continuation of lease payments. While the payments of \$22,698 will continue until June 30, 2017, the School is not responsible for the making of these payments.

NOTE 10: EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Arkansas Teacher Retirement System

Plan Description. The School contributes to the Arkansas Teacher Retirement System ("System"), a cost-sharing multiple-employer defined benefit plan administered by the System. Section 24-7-301 of Arkansas Code of 1987 Annotated assigns the authority to establish and amend benefit provisions to the System's Board of Trustees. The System provides retirement, death and disability benefits and annual cost-of-living adjustments to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to ATRS, 1400 West Third Street, Little Rock, AR 72201 or by calling (800)666-2877.

For the years ended June 30, 2017 and 2016, total retirement plan expense was \$284,618 and 263.763, respectively.

Benefit Provisions

Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 5/12 of 1% multiplied by the number of months by which the retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined on (1) the member's final average salary (effective April 1, 1998, computed using highest three years salary) and (2) the number of years of service.

NOTE 10: EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Contributions

ARTS's funding policy provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. The employer contribution rate was 14% for the fiscal year ending June 30, 2016. Contributory members are required to contribute 6% of gross wages to ATRS. Employer contributions are refundable if ATRS - covered retirement terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ARTS for a period of one or more years earns interest credits, which are included in the refunds.

ATRS Fiduciary Net Positions

Detailed information for about ATRS's fiduciary net position is available in the separately issued ATRS Financial report available at <http://www.atrs.gov/publications>.

Measurement Date

The collective Net Pension Liability was measured as of June 30, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

Actuarial Assumptions

Actuarial cost method	Entry age normal
Amortization method	level percentage of payroll, closed
Amortization period	30 years
Asset valuation	4-year smoothed market for funding purposes; 20% corridor
Wage inflation	3.25%
Salary increases	3.25% to 9.10%, including inflation
Investment rate of return	8%
Retirement age	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2005 - June 30, 2010.
Mortality	RP-2000 Mortality Table for males and females projected 25 years with scale AA (95% men and 87% for women)

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study period for the period July 1, 2005 through July 30, 2010.

Investment Rate of Return

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustee after considering input from the plan's investment consultant and actuary.

NOTE 10: EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

<u>Asset Allocation</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Total equity	50%	5.00%
Fixed Income	20%	0.80%
Alternatives	5%	4.40%
Real Assets	15%	3.40%
Private Equity	10%	6.30%
Cash Equivalents	0%	-0.20%
	<u>100%</u>	

Single Discount Rate

A single discount rate of 8% was used to measure the total pension liability. The rate was based on the expected rate of return on plan investments. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 8.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

Sensitivity of the Net Pension Liability to the Single Discounted Rate

	<u>1% Decrease 7%</u>	<u>Current Rate 8%</u>	<u>1% Increase 9%</u>
Net Pension Liability	\$ 3,013,444	\$ 2,005,618	\$ 1,160,644

DEFERRED OUTFLOW/INFLOWS OF RESOURCES

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions for the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 36,377	\$ 27,817
Net difference between projected and actual earnings on plan investments	307,365	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	290,446	7,888
	<u>\$ 634,188</u>	<u>\$ 35,705</u>

NOTE 11 ON BE-HALF PAYMENTS

The School also provides benefits to its employees, particularly health insurance. During the years ended June 30, 2017 and 2016, the School incurred costs of \$97,215 and \$73,866, respectively.

HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GOVERNMENT FUNDS
FOR THE YEARS ENDED JUNE 30,

	2017	2017	2017	2016	2016	2016
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues						
State funding	\$ 2,384,281	\$ 2,565,804	\$ 181,523	\$ 2,347,560	\$ 2,611,187	\$ 263,607
External funding			0	100,000	771,770	671,770
Other revenue	0	402	402	0	77,277	77,277
Total revenue	<u>2,384,281</u>	<u>2,566,206</u>	<u>181,925</u>	<u>2,447,560</u>	<u>3,460,214</u>	<u>1,012,654</u>
Expenditures						
Operating expenditures						
Instructional and school leadership	1,668,125	1,833,794	(165,669)	1,439,250	1,825,297	(386,047)
Facility	389,800	472,839	(83,039)	379,000	492,240	(113,240)
Operation	<u>278,117</u>	<u>162,085</u>	<u>116,032</u>	<u>408,128</u>	<u>319,395</u>	<u>88,733</u>
Total operating expenditures	2,336,042	2,468,718	(132,676)	2,226,378	2,636,932	(410,554)
Capital expenses	<u>43,120</u>	<u>87,340</u>	<u>(44,220)</u>	<u>91,580</u>	<u>47,994</u>	<u>43,586</u>
	<u>2,379,162</u>	<u>2,556,058</u>	<u>(176,896)</u>	<u>2,317,958</u>	<u>2,684,926</u>	<u>(366,968)</u>
Excess of Revenue Over (Under) Expenditures	<u>5,119</u>	<u>10,148</u>	<u>5,029</u>	<u>129,602</u>	<u>775,288</u>	<u>645,686</u>
Sources Over (Under) Expenditures and Other Uses	\$ <u>5,119</u>	<u>10,148</u>	\$ <u>5,029</u>	\$ <u>129,602</u>	<u>775,288</u>	\$ <u>645,686</u>
Fund balances - beginning of year		<u>927,682</u>			<u>152,394</u>	
Fund balances - end of year		\$ <u><u>937,830</u></u>			\$ <u><u>927,682</u></u>	

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION FOR COST-SHARING EMPLOYER PLANS
FOR THE YEAR ENDED JUNE 30, 2017**

Schedule of Proportionate share of the net Pension Liability and Related Ratios last Fiscal Year

	ATRS at June 30, 2016	ATRS at June 30, 2015	ATRS at June 30, 2014
District's proportion of the net pension liability (asset)	0.0455%	0.0357%	
District's proportionate share of the net pension liability	\$ 2,005,618	\$ 1,163,858	\$
District's covered-employee payroll	\$ 1,403,575	\$ 1,297,102	\$
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.89%	89.73%	
Plan fiduciary net position as a percentage of the total pension liability	31.07%	12.55%	

Schedule of Required Contributions Last Fiscal Year

	ATRS at June 30, 2016	ATRS at June 30, 2015	ATRS at June 30, 2014
Contractually required contributions	\$ 187,459	\$ 189,888	\$ 154,499
Contributions in relation to the contractually required contributions	\$ 187,459	\$ 189,888	\$ 154,499
Contribution deficiency/excess	\$ 0	\$ 0	0
District's covered-employee payroll	\$ 1,344,583	\$ 1,297,102	\$ 1,039,083
Contributions as a percentage of covered-employee payroll	13.94%	14.64%	14.87%

Note to Schedules:

Only two fiscal years are presented because 10-year data is not yet available

**HAAS HALL ACADEMY CHARTER SCHOOL
FAYETTEVILLE, ARKANSAS
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017 AND 2016**

During the years ended June 30, 2017 and 2016, there were no material federal awards granted to the School. Therefore, no additional disclosures are required.

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

The board
Haas hall Academy
Fayetteville, Arkansas

I 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 the governmental activities of Haas Hall Academy as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Haas Hall Academy basic financial statements and have issued my report thereon dated May 3, 2018.

COMPLIANCE

As part of obtaining reasonable assurance about whether Haas Hall Academy Charter School's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Arkansas Code Ann. 6-1-101 and certain other laws and regulations designated by the Arkansas Department of Education, 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audits, I considered Haas Hall Academy's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Haas Hall Academy internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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.

A handwritten signature in black ink, reading "Timothy A. Bunch". The signature is written in a cursive, flowing style.

Timothy A. Bunch, CPA, PA
Springdale, Arkansas
May 3, 2018

HAAS HALL ACADEMY CHARTER SCHOOL

**SCHEDULE OF FINDINGS
JUNE 30, 2017**

Noncompliance:

Noncompliance with state law

No material noncompliance with state law noted.

HAAS HALL ACADEMY CHARTER SCHOOL

**SCHEDULE OF FINDINGS
JUNE 30, 2016**

Noncompliance:

Noncompliance with state law

No material noncompliance with state law noted.



**ARKANSAS DEPARTMENT OF EDUCATION
RULES GOVERNING THE ISSUANCE OF SUBPOENAS BY THE
ARKANSAS STATE BOARD OF EDUCATION**

1.00 REGULATORY AUTHORITY

- 1.01 These rules shall be known as the Arkansas Department of Education Rules Governing the Issuance of Subpoenas by the Arkansas State Board of Education.
- 1.02 The State Board of Education enacted these rules pursuant to its authority as set forth in Ark. Code Ann. §§ 6-11-105, 6-17-425 and 25-15-201 et seq.

2.00 GENERAL REQUIREMENTS

- 2.01 The State Board of Education, through its Chairperson or the Commissioner of Education, may issue subpoenas and bring before the State Board of Education as a witness any person in this state.
- 2.02 At the request of a party to a proceeding before the State Board of Education, the Chairperson of the State Board of Education or Commissioner of Education may issue a subpoena and bring before the State Board of Education as a witness any person in this state. However, it shall be the duty of the party requesting the subpoena to properly serve the subpoena.
- 2.03 The subpoena shall:
- 2.03.1 Be in the name of the State Board of Education;
 - 2.03.2 State the name of the proceeding; and
 - 2.03.3 Command each person to whom it is directed to give testimony at the time and place specified in the subpoena in one (1) of the following ways:
 - 2.03.3.1 In person;
 - 2.03.3.2 Before a certified court reporter under oath at the place of the witness's residence or employment;

- 2.03.3.3 By videotaped deposition at the place of the witness's residence or employment;
- 2.03.3.4 By live video communications from the witness's residence, place of employment or nearby facility capable of providing video transmission to the proceeding for which the witness has been subpoenaed.
- 2.03.3.5 The manner of providing testimony under the subpoena shall be conducted by video conference testimony unless another manner is agreed upon by the State Board of Education and the person who is the subject of the subpoena.
- 2.04 The subpoena may require the witness to bring with him or her any book, writing or other thing under his or her control that he or she is bound by law to produce in evidence.
- 2.05 Service of the subpoena shall be the responsibility of the party requesting the subpoena and shall be in the manner as provided by law or rule for the service of subpoenas in civil cases.
- 2.06 A witness who has been served by subpoena and who appears in person to testify at the trial or case pending before the State Board of Education shall be reimbursed by the party requesting the subpoena for travel and attendance as provided by law.
- 2.07 If a witness is served with a subpoena pursuant to these rules and Ark. Code Ann. § 6-17-425 and fails to appear or to provide testimony in obedience to the subpoena, the State Board of Education may apply to the circuit court of the county in which the State Board of Education is holding the proceeding for an order causing the arrest of the witness and directing that the witness be brought before the court. The court shall have the power to punish the disobedient witness for contempt as provided by the Arkansas Rules of Civil Procedure.
- 2.08 A witness who has been served with a subpoena under these rules and Ark. Code Ann. § 6-17-425 may challenge the validity of the subpoena. Any motion to quash or limit the subpoena shall first be filed with the State Board of Education through the Office of the Commissioner of Education and must include the legal grounds relied upon by the witness challenging the validity of the subpoena.

Should the State Board of Education deny the relief requested, a witness who has been served with the subpoena may challenge the validity of the subpoena in the circuit court of the county in which the witness resides or is employed.

ISSUED BY THE ARKANSAS STATE BOARD OF EDUCATION
Little Rock, Pulaski County, Arkansas

SUBPOENA IN AN ADMINISTRATIVE PROCEEDING
Issued Pursuant to the Authority of Ark. Code Ann. § 6-17-425

RE: In the matter of: _____

TO: _____

- ☐ YOU ARE COMMANDED to appear before the State Board of Education at the place, date, and time specified below to testify in the above case.

Place of Testimony:	Room:
	Date and Time:

- ☐ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify in the taking of a deposition in the above case.

Place of Deposition:	Date and Time:
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- ☐ YOU ARE COMMANDED, at the time of the hearing or deposition described above, to produce and permit inspection and copying of the following documents or objects (list documents or objects).

- ☐ YOU ARE COMMANDED, no more than _____ business days after receiving this subpoena, to produce and permit inspection and copying of the following documents or objects (list documents or objects).

Any organization not a party to this matter that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Arkansas Rules of Civil Procedure 30(b)(6).

Issuing Officer Signature and Title (Indicate Party)

Date

Issuing Officer's Name, Address, and Phone Number

PROOF OF SERVICE

SERVED

Date:

Place:

Served On: (Print Name)

Manner of Service:

Served By: (Print Name)

Title:

DECLARATION OF SERVER

I declare, under penalty of perjury under the laws of the State of Arkansas that the foregoing information contained in the Proof of Service is true and correct:

Executed on:

Date

Signature of Server

Address of Server

NOTICE TO PERSONS SUBJECT TO SUBPOENAS

Regardless of his or her county of residence, a witness subpoenaed for examination at a hearing must be properly served with the subpoena at least two days prior to the hearing, or within a shorter time if a court so orders. The subpoena must be accompanied by a witness fee calculated at the rate of \$30.00 per day for attendance and \$0.25 per mile for travel from the witness' residence to the place of the hearing. Rule 45(d), Ark. R. Civ. P.

A witness subpoenaed in connection with a deposition must be properly served with a subpoena at least five business days prior to a deposition, or within a shorter time if a court so orders. The witness is required to attend a deposition at any place within 100 miles of where he or she resides, is employed, or transacts business in person, or at such other convenient place set by court order. The subpoena must be accompanied by a witness fee calculated at the rate of \$30.00 per day for attendance and \$0.25 per mile for travel from the witness' residence to the place of the deposition. Rule 45(e), Ark. R. Civ. P.

A subpoena may command the person to whom it is directed to produce for inspection any books, papers, documents, or tangible things designated in the subpoena. The person subpoenaed may ask a court to quash or modify the subpoena if it is unreasonable or oppressive or to require that the person on whose behalf the subpoena is issued pay the reasonable cost of such production. Rule 45(b), Ark. R. Civ. P. The person subpoenaed may also object in writing to inspection or copying of any or all of the designated materials or seek a protective order from the court. If a written objection is made within ten days of service of the subpoena or on or before the time specified for compliance if such time is less than ten days, the party causing the subpoena to be issued is not entitled to inspect the materials unless the court so orders. Rule 45(e), Ark. R. Civ. P.

When a witness fails to attend in obedience to a subpoena or intentionally evades the service of a subpoena by concealment or otherwise, the court may issue a warrant for arresting and bringing the witness before the court to give testimony and answer for contempt. Rule 45(g), Ark. R. Civ. P. For further information pertaining to the nature of this subpoena and your rights pertaining to this subpoena, please consult Ark. Code Ann. § 6-17-425.