



**Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

Environmental and Spatial Technology, Inc.

Financial Statements

For the Years Ended June 30, 2025 and 2024

Environmental and Spatial Technology, Inc.

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## **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

### **Independent Auditors' Report**

Board of Directors  
Environmental and Spatial Technology, Inc.  
Little Rock, Arkansas

#### **Opinion**

We have audited the accompanying financial statements of Environmental and Spatial Technology, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Environmental and Spatial Technology, Inc. as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Environmental and Spatial Technology, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Environmental and Spatial Technology, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

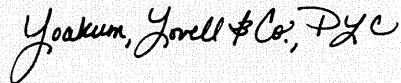
#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Environmental and Spatial Technology, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Environmental and Spatial Technology, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Certified Public Accountants

Benton, Arkansas  
December 4, 2025

Environmental and Spatial Technology, Inc.  
 Statements of Financial Position  
 June 30, 2025 and 2024

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents - Operations	\$1,423,767	\$1,989,868
Receivables	52,848	172,469
Inventory	630,468	183,346
Prepaid Expenses	222,375	151,957
Total Current Assets	<u>2,329,458</u>	<u>2,497,640</u>
Property and Equipment		
Land, Building, and Building Improvements	2,477,391	2,477,391
Furniture and Fixtures	196,443	196,443
Computer Equipment and Software	238,909	220,139
Total Property and Equipment	<u>2,912,743</u>	<u>2,893,973</u>
Less: Accumulated Depreciation	745,706	671,515
Net Property and Equipment	<u>2,167,037</u>	<u>2,222,458</u>
Other Assets		
Cash and Cash Equivalents - Capital Reserve	526,750	476,750
Finance Lease Right-of-Use Asset, Net	2,508	5,243
Utility Deposits	1,676	1,676
Total Other Assets	<u>530,934</u>	<u>483,669</u>
Total Assets	<u><u>\$5,027,429</u></u>	<u><u>\$5,203,767</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts Payable	\$ 551,023	\$ 178,822
Payroll and Other Liabilities	101,502	77,701
Refundable Advances	1,138,290	1,238,671
Deferred Revenue	55,470	84,330
Current Portion of Finance Lease	2,570	2,771
Total Current Liabilities	<u>1,848,855</u>	<u>1,582,295</u>
Long-Term Finance Lease, Net of Current Portion		2,570
Net Assets		
Without Donor Restrictions	3,178,574	3,618,902
Total Net Assets	<u>3,178,574</u>	<u>3,618,902</u>
Total Liabilities and Net Assets	<u><u>\$5,027,429</u></u>	<u><u>\$5,203,767</u></u>

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

**Environmental and Spatial Technology, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>Restated 2024</b>
<b>Revenue and Support</b>		
Program Service Fees	\$ 380,470	\$ 373,237
Grants:		
Government	3,207,291	3,054,747
Other	44,897	46,663
Contributions	73,494	125,354
Investment Income	109,827	139,752
Other	9,075	3,379
In-Kind Revenue	27,771	17,441
<b>Total Revenue and Support</b>	<b><u>3,852,825</u></b>	<b><u>3,760,573</u></b>
<b>Operating Expenses</b>		
Program Services	3,474,336	3,581,755
Supporting Services		
Management and General	701,251	260,526
Fundraising	117,566	151,206
<b>Total Operating Expenses</b>	<b><u>4,293,153</u></b>	<b><u>3,993,487</u></b>
<b>Changes in Net Assets</b>	<b>(440,328)</b>	<b>(232,914)</b>
<b>Net Assets at Beginning of Year</b>	<b><u>3,618,902</u></b>	<b><u>3,851,816</u></b>
<b>Net Assets at End of Year</b>	<b><u>\$3,178,574</u></b>	<b><u>\$3,618,902</u></b>

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

**Environmental and Spatial Technology, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
Salaries and Benefits	\$1,444,592	\$ 558,735	\$ 96,629	\$2,099,956
Grants to Others	1,041,795			1,041,795
Conference	479,934	3,520	1,165	484,619
Information Technology	132,797	15,289	6,531	154,617
Facilities	63,000	23,565	2,721	89,286
Professional Fees	46,909	35,813		82,722
Depreciation and Amortization	56,106	18,417	2,404	76,927
Travel	73,713	1,883	1,025	76,621
Contract Services	67,632			67,632
Other	9,194	18,121	3,098	30,413
Telephone and Telecommunications	13,265	5,161	615	19,041
Utilities	13,386	4,443	580	18,409
Non-Capital Furniture and Equipment	12,265	1,417	65	13,747
Office Supplies	2,124	10,116	889	13,129
Printing	7,043	1,555	216	8,814
Marketing and Promotion	3,056	1,334	1,242	5,632
Program Supplies	4,270			4,270
Postage and Shipping	2,552	1,071	370	3,993
Meetings	654	811	16	1,481
Interest	49			49
 Total Expenses	 <u>\$3,474,336</u>	 <u>\$ 701,251</u>	 <u>\$ 117,566</u>	 <u>\$4,293,153</u>

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

Environmental and Spatial Technology, Inc.  
 Statement of Functional Expenses  
 For the Year Ended June 30, 2024

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries and Benefits	\$1,691,758	\$ 240,529	\$ 135,915	\$2,068,202
Grants to Others - <b>Restated</b>	804,022			804,022
Conference	456,315	2,568	910	459,793
Information Technology	134,346	231	6,142	140,719
Travel	83,554	1,737	316	85,607
Facilities	83,675		919	84,594
Professional Fees	80,591			80,591
Depreciation and Amortization	69,175		777	69,952
Contract Services	57,286			57,286
Telephone and Telecommunications	31,089	71	1,158	32,318
Other	14,988	13,288	1,559	29,835
Utilities	24,015		238	24,253
Non-Capital Furniture and Equipment	15,567	1,506	340	17,413
Printing	12,028	41	10	12,079
Office Supplies	7,631	406	2,152	10,189
Meetings	7,613		450	8,063
Marketing and Promotion	5,310		265	5,575
Postage and Shipping	2,049	149	55	2,253
Program Supplies	661			661
Interest	82			82
 Total Expenses	 <u>\$3,581,755</u>	 <u>\$ 260,526</u>	 <u>\$ 151,206</u>	 <u>\$3,993,487</u>

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

**Environmental and Spatial Technology, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (440,328)	\$ (232,914)
Items Not Requiring Cash:		
Depreciation and Amortization	76,927	80,591
(Increase) Decrease In:		
Receivables	119,621	(43,363)
Inventory	(447,122)	56,037
Prepaid Expenses	(70,418)	46,578
Increase (Decrease) In:		
Accounts Payable	372,201	(46,761)
Payroll and Other Liabilities	23,801	(11,709)
Refundable Advances	(100,381)	58,453
Deferred Revenue	(28,860)	(33,979)
Net Cash Used by Operating Activities	<u>(494,559)</u>	<u>(127,067)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(18,771)	(115,101)
Net Cash Used by Investing Activities	<u>(18,771)</u>	<u>(115,101)</u>
<b>Cash Flows From Financing Activities</b>		
Principal Payments on Finance Lease	(2,771)	(2,738)
Net Cash Used by Financing Activities	<u>(2,771)</u>	<u>(2,738)</u>
Net Decrease in Cash and Cash Equivalents	(516,101)	(244,906)
Cash and Cash Equivalents at Beginning of Year	<u>2,466,618</u>	<u>2,711,524</u>
Cash and Cash Equivalents at End of Year	<u>\$1,950,517</u>	<u>\$2,466,618</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position</b>		
Cash and Cash Equivalents - Operations	\$1,423,767	\$1,989,868
Cash and Cash Equivalents - Capital Reserve	526,750	476,750
Total Cash and Cash Equivalents	<u>\$1,950,517</u>	<u>\$2,466,618</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest Payments		
Interest Paid on Finance Lease	<u>\$ 49</u>	<u>\$ 82</u>

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

Environmental and Spatial Technology, Inc.  
Notes to the Financial Statements

**Note 1: Significant Accounting Policies**

Environmental and Spatial Technology, Inc. (EAST) was organized in December 2001 under the Arkansas Non-Profit Corporation Act. The mission of EAST is to provide all learners the opportunity to have relevant, individualized, life-changing educational experiences. The EAST Initiative is dedicated to providing students with the opportunity to develop competencies using advanced technological applications in a classroom environment.

The significant accounting policies of the Organization are outlined below. The policies are presented to assist the reader in evaluating the financial statements and other data presented in this report.

- A. **Basis of Accounting** – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States, and accordingly, reflect all significant receivables, payables, and other liabilities.
- B. **Basis of Presentation** – EAST is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve (see Note 1D).

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. As of June 30, 2025 and 2024, EAST did not have any net assets with donor restrictions.

- C. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- D. **Cash and Cash Equivalents** – Cash and cash equivalents consists of all cash on hand, deposited in the bank, or in certificates of deposit as of June 30, 2025 and 2024. On December 2, 2014, the Board approved a Capital Reserve of \$50,000 per year that is set aside from operating cash for any capital improvements over \$5,000. Any use of these funds must be approved by the Finance and Audit Committee. All other cash is available for operating expenditures in the next fiscal year.
- E. **Receivables** – EAST provides an allowance for uncollectible receivables that is based upon a review of outstanding receivables and historical experience with each funding source. Management considers all amounts receivable at June 30, 2025 and 2024, to be fully collectible, thus no allowance for uncollectible receivables has been recorded.
- F. **Inventory** – Inventories are stated at the lower of cost or market as determined by the first-in first-out method.

Environmental and Spatial Technology, Inc.  
Notes to the Financial Statements

**Note 1: Significant Accounting Policies (Cont'd)**

G. **Property and Equipment** – Property and equipment is stated at cost or, if contributed, at the approximate fair value on the date of donation. Major renewals and improvements in excess of \$2,500 are capitalized, while normal repairs and maintenance are expensed in the period incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years for equipment and thirty-nine years for the building. Amortization of leasehold improvements is computed using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.

H. **Donated Materials, Rent, and Services** – Donated materials and rent are recorded at their estimated fair market value on the date received. Donated services are recognized as contributions only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by EAST. Although a substantial number of uncompensated volunteers have donated significant amounts of their time to EAST's program services, the value of such donated services has not been recognized in the financial statements as these services did not meet the recognition criteria.

I. **Revenue and Support** – Funding to EAST is provided through grants, contracts, and contributions. These funds are recognized when received or earned, as increases in net assets, depending on the existence and/or nature of any donor restrictions. If restricted, the funds unused at the end of an accounting period are carried in the applicable net assets until the donor restrictions have been met. When the restrictions have been met, the funds will be reported in the Statement of Activities as net assets released from restrictions.

Contract revenues, derived from services provided to various school districts, states and other education-related entities are considered exchange transactions or contributions with conditions, and revenues are recorded as services are provided under the contract or when the conditions have been met. Related receivables may include an unbilled portion of the contract amount. Refundable advances are recorded to the extent that funds received exceed revenues earned.

J. **Expense Allocation** – EAST allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are recorded directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various statistical bases. Expenses associated with certain activities and functions necessary for the support of programs provided by EAST are reflected as general and administrative expenses for financial statement purposes in accordance with accounting principles generally accepted in the United States.

K. **Income Taxes** – EAST is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. EAST files a tax form 990. The tax years 2021, 2022, 2023, and 2024 are subject to examination by the IRS, generally for three years after they are filed.

L. **Liquidity and Availability** – EAST regularly monitors liquidity required to meet its operating needs and contractual commitments. There were no contractual limitations, donor-imposed restrictions, or board designations that limit the availability of the EAST's current assets to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The Organization had \$2,329,458 and \$2,497,640 in current assets as of June 30, 2025 and 2024, respectively.

Environmental and Spatial Technology, Inc.  
Notes to the Financial Statements

**Note 2: Refundable Advances**

Refundable advances consisted of the following at June 30, 2025 and 2024:

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
Contracts	\$ 143,751	\$ 61,000
Grants	994,539	1,177,671
	<u>\$ 1,138,290</u>	<u>\$ 1,238,671</u>

**Note 3: Concentrations**

EAST maintains cash deposits in a financial institution that may, at times exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). This financial institution has pledged securities for any balance that exceeds the FDIC insured amount. EAST has not experienced any losses in such accounts and, in management's opinion, is not exposed to any significant credit risk on such deposits.

Revenue and support from the State of Arkansas Department of Education represents 83% and 78% of the total revenue and support for the years ended June 30, 2025 and 2024, respectively.

**Note 4: Finance Lease Right-of-Use Asset and Liability**

EAST has a noncancelable copier lease with an original term of five years and renewal options. It is a finance lease with monthly payments of \$235, plus tax, through May 2026. The finance lease was discounted to present value using the Internal Revenue Service Applicable Federal Rate of 1.2% with a remaining lease term of .92 years. The lease was recorded as a right-of-use asset on the statement of financial position, then amortized on a straight-line basis over the term of the lease. The following table shows the right-of-use asset and lease liability as of June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Right of Use Asset – Finance Lease	\$ 13,679	\$ 13,679
Right of Use Asset – Accumulated Amortization	(11,171)	(8,436)
Right-of-Use Asset – Net	<u>\$ 2,508</u>	<u>\$ 5,243</u>
Lease Liabilities – Finance Lease	\$ 2,570	\$ 5,341
Less Current Portion	(2,570)	(2,771)
Non-Current Lease Liability	<u>\$ _____</u>	<u>\$ 2,570</u>
Amortization of Right of Use Asset	\$ 2,736	\$ 2,736
Finance Lease Interest Expense	49	82
Total Finance Lease Cost	<u>\$ 2,785</u>	<u>\$ 2,818</u>

Lease liability maturities as of June 30, 2025 are as follows:

	<b>2026</b>	
Total Undiscounted Lease Liability	\$ 2,585	
Less Imputed Interest	(15)	
Total Lease Liability	<u>\$ 2,570</u>	

**Note 5: Contingencies**

EAST receives grants from the State of Arkansas Department of Education (ADE) designated for specific programs as specified in related award notifications. Should EAST fail to utilize funding for its specified purpose, EAST could be required to return funds to ADE. It is the opinion of EAST's management that EAST has fulfilled its duties as required; therefore, no allowance has been recorded for any such reimbursement.

**Environmental and Spatial Technology, Inc.**  
**Notes to the Financial Statements**

**Note 6: Related Party Transactions**

A member of EAST's board of directors is serving as the Assistant Commissioner of Educator Effectiveness for the Arkansas Department of Education (ADE).

The amount of revenue and support from ADE during the years ended June 30, 2025 and 2024 are \$3,188,132 and \$2,938,484, respectively. There were no amounts receivable from ADE on June 30, 2025 and 2024. ADE's portion of refundable advances in Note 2 was \$933,564 and \$1,116,695 on June 30, 2025 and 2024, respectively.

**Note 7: Retirement Plan**

EAST established a simple IRA plan to provide retirement benefits to certain eligible employees that are projected to earn a minimum of \$5,000 per year. EAST contributes up to 3% of eligible compensation for participating employees who are making pretax salary deferrals into the plan. Plan assets are held in individual simple IRA accounts established in the name of each employee. Employer contribution expense for the years ended June 30, 2025 and 2024 was \$43,209 and \$42,723, respectively.

**Note 8: Subsequent Events**

Subsequent events were evaluated through December 4, 2025, which is the date the financial statements were available to be issued.

**Note 9: Restatement of Financial Statements**

For the year ended June 30, 2025, management changed the policy for recognition of the hardware and software installed by EAST for the grants to schools that are starting EAST programs. Prior to this change, the costs for the hardware and software were expensed when purchased, rather than when installed by EAST. However, the corresponding grant revenue was properly recognized with the costs. So, this change will accurately account for the inventory held by the Organization at any point during the year and does not have an effect on the net assets of the Organization. The Organization has restated its 2024 financial statements for amounts previously reported prior to the change. The effects of the restatement on the statements of financial position, statements of activities, statement of functional expenses, and statements of cash flows as of and for the year ended June 30, 2024 are as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
<b><u>Statements of Financial Position</u></b>		
Inventory	\$ 27,144	\$ 183,346
Total Current Assets	\$ 2,341,438	\$ 2,497,640
Total Assets	<u>\$ 5,047,565</u>	<u>\$ 5,203,767</u>
Refundable Advances	\$ 1,082,469	\$ 1,238,671
Total Current Liabilities	\$ 1,426,093	\$ 1,582,295
Total Liabilities and Net Assets	<u>\$ 5,047,565</u>	<u>\$ 5,203,767</u>
<b><u>Statements of Activities</u></b>		
Government Grant Revenue	\$ 2,998,652	\$ 3,054,747
Total Revenues and Support	<u>\$ 3,704,478</u>	<u>\$ 3,760,573</u>
Program Services Expense	\$ 3,525,660	\$ 3,581,755
Total Operating Expenses	<u>\$ 3,937,392</u>	<u>\$ 3,993,487</u>

Environmental and Spatial Technology, Inc.  
Notes to the Financial Statements

**Note 9: Restatement of Financial Statements (Cont'd)**

Statement of Functional Expenses

Grants to Others	\$ 747,927	\$ 804,022
Total Program Services Expense	\$ 3,525,660	\$ 3,581,755
Total Expenses	<u>\$ 3,937,392</u>	<u>\$ 3,993,487</u>

Statements of Cash Flows

Inventory	\$ (58)	\$ 56,037
Refundable Advances	\$ 114,548	\$ 58,453