DRAFT

Epic Charter Schools

FORENSIC INVESTIGATION REPORT

Report Date: January 12, 2026

DRAFT

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIadv.com

January 12, 2026

Mr. Skyler Lusnia
Oklahoma Statewide Charter School Board
2501 N. Lincoln Blvd., Ste. 301
Oklahoma City, Oklahoma 73105

Re: Forensic Investigation of Epic Charter Schools

Dear Board Members:

Our firm was engaged to conduct a forensic investigation of Epic Charter Schools' (Epic) funds. This inquiry was predicated on the discovery of a lack of available funds and budgetary shortfalls at Epic. Attached is Carr, Riggs & Ingram, L.L.C.'s Forensic Investigation Report detailing the procedures performed and the resulting findings.

We have performed this engagement in accordance with the Statement on Standards for Forensic Services No. 1 as promulgated by the American Institute of Certified Public Accountants (AICPA) and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE). Our engagement did not constitute an audit in accordance with generally accepted auditing standards, an examination of internal controls, or any other attestation or review service in accordance with standards established by the AICPA. Had other procedures been performed, other matters may have come to our attention that may have affected the findings reported herein.

This report is intended solely for the use of the Oklahoma Statewide Charter School Board and should not be used for any other purpose without prior permission from Carr, Riggs & Ingram, L.L.C. We have no obligation, but reserve the right, to update this report for information that comes to our attention after the date of this report.

Sincerely,

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.LC.
Destin, Florida

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Executive Summary

Carr, Riggs & Ingram, L.L.C. (CRI) was engaged to perform an inquiry concerning Epic Charter Schools' (Epic) funds. This inquiry was predicated on the discovery of a lack of available funds and budgetary deficits at Epic.

CRI performed certain procedures on Epic Charter Schools' books and records for April 1, 2024 through July 31, 2025 (analysis period). These procedures included, but were not limited to, interviews with key Epic current and former employees/board members, analysis of financial records, analysis of budgets, analysis of bank and procurement transactions, and analysis of related selected supporting documentation. Summaries of CRI's major findings, based upon the investigative procedures performed, are listed below.

- **Limited Board Oversight of Budgets, Financials and Key Operational Decisions**
  Epic's Board exercised limited oversight of Epic's management including in relation to key budget changes, financial decisions and key operational decisions/plans. This was due in part to its adopted governance model.

- **Lack of Accounting and Budgeting Policies and Procedures**
  Epic has not adopted formal, written policies and procedures governing its accounting processes, budget development, revisions, and ongoing budget monitoring. This lack of formal policies and procedures led to inconsistent application of budgeting practices, reliance on informal processes, and a lack of institutional knowledge particularly in relation to budget processes.

- **Lack of Adequate Budgeting/Forecasting**
  Epic did not consistently maintain or retain sufficient budget workpapers to support key budgeting decisions and methodologies. Epic, under the former chief financial officer's tenure, made a number of apparent errors in budget methodologies and assumptions. These errors caused significant budget variances and likely led to poor decision making by Epic's management and Board.

- **Lack of Departmental Budgets and Budget Communications**
  Epic, under the former chief financial officer's tenure, did not disseminate departmental budgets or departmental budget-to-actual results to the Board, other members of management, department leadership, etc. The lack of departmental budgeting and budget-to-actual reporting limited department leadership's ability to effectively manage their resources, monitor spending, and identify variances in a timely manner. This likely resulted in overspending, inefficient use of resources and delayed corrective action.

- **Overreliance on Projected Enrollment Statistics**
  Epic relied on enrollment projection tools with unknown errors without proper validation and reasonableness tests. These enrollment statistics were utilized in part to justify significantly increasing Epic's staff levels in comparison to prior fiscal years.

- **Lack of Internal Audit Function**
  Epic did not maintain a dedicated audit function to periodically review budgeting practices, accounting/financial processes, financial reporting and internal controls. This increases the risk of potential errors, fraud and other internal control deficiencies.

- **Failure to Adjust Staffing Plans as Conditions Changed**
  Epic over hired its staff levels for fiscal year 2025. Epic did not timely adjust its staffing levels when actual student enrollment differed significantly from projections. This led to significantly increased costs and was the primary driver to Epic's budget/fiscal deficits.

Based on the information within this report, there were significant weaknesses in the operational, budgeting, and governance environment of Epic. These weaknesses were in part driven by the former chief financial officer's actions and/or inactions. Epic's management appeared to have a reactive posture during this fiscal crisis versus a proactive posture, which further contributed to the budget/fiscal deficits.

No misappropriation of funds was identified during our analysis. To address the governance weaknesses, lack of management oversight, internal control deficiencies, and financial challenges, CRI recommends that Epic consider implementing the 15 recommendations identified within this report as soon as possible.

Subsequent to the analysis period, Epic has completed implementing the necessary changes to resolve 4 of these findings and is in the process of implementing the necessary changes to resolve an additional 8 findings. As such, there are 3 unresolved findings related to Board and budget approvals that Epic will need to address to help stabilize its financial performance and help prevent similar issues from reoccurring. The procedures performed by CRI and the resulting findings are discussed in greater detail within the Forensic Investigation Report. This executive summary is not intended to stand alone without the additional context included within the Forensic Investigation Report.

Background

Epic Charter Schools (Epic) is the largest public virtual charter school system operating in Oklahoma.[1] Epic was established in or around 2010 under Community Strategies, Inc., an Oklahoma not-for-profit organization, and is authorized by the Oklahoma Statewide Charter School Board. Epic provides services to approximately 28,000 students across Oklahoma.[2]

Epic is governed by a Board of Education (Board), whose members are appointed through a nomination process rather than publicly elected. The Board is responsible for establishing policy, approving budgets, and overseeing Epic's financial and administrative performance. The Board appoints a superintendent as the executive officer of Epic, who manages the day-to-day operations of Epic.

Epic does not charge tuition to its students. The primary source of Epic's revenue is state aid based on student enrollment. Epic also receives other funding from local, state and federal government sources. Epic's expenses generally include payroll, instructional services, curriculum, technology, and other general/administrative costs.

In or around 2021, following state investigative findings and allegations of fraud and misuse of public funds, Epic terminated its relationship with its founders, and the Board was restructured. The governance changes that followed included Epic's adoption of the Carver Policy Governance Model, which reduced the Board's operational level of involvement in Epic.

Epic experienced a significant decline in its financial position during fiscal year 2025. This significant decline resulted in Epic instituting various cost-saving measures and laying off personnel in October 2024 and again in June 2025. Epic also had insufficient cash flow and obtained a line of credit in June 2025. Following these financial difficulties, the Oklahoma Statewide Charter School Board accepted proposals for an independent forensic analysis of Epic's financial practices, budgeting process, internal controls, etc. CRI was subsequently engaged by the Oklahoma Statewide Charter School Board in September 2025 to perform the requested forensic accounting services.

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1 https://www.epiccharterschools.org/about, accessed December 8, 2025.

2 Available Epic Charter School Enrollment Records for Fiscal Years 2023-2025.

Scope

Our investigation was for the period beginning July 1, 2024 through July 31, 2025 (analysis period). Although the initial analysis period encompassed fiscal year 2025 and July 2025, CRI and Oklahoma Statewide Charter School Board (SCSB) agreed to expand the analysis period to include April through June 2024. This expanded analysis period was based on preliminary findings presented to the SCSB by CRI. Our work was limited to those specific areas identified by the SCSB, which included the following scope of work:

- Performance analysis of Epic Charter Schools;
- Operational analysis of Epic Charter Schools;
- Financial analysis of Epic Charter Schools;
- Forensic investigation of Epic Charter Schools to the extent necessary to determine whether fraud, embezzlement, other financial misconduct, or mismanagement has occurred;
- Reviewing any remedies or corrective action, taken or proposed, by Epic Charter School's governing board and determining whether the corrective action, taken or proposed, will stabilize Epic's operations; and,
- An independent forensic investigation report containing findings and recommendations.

During the course of the engagement, CRI requested Epic's executive board meeting minutes for review, which were ultimately not provided. These meeting minutes were not considered integral to the investigation and may have been legally protected from disclosure. CRI also requested and obtained e-mail files for Ms. Jeanise Wynn and Mr. Bart Banfield. These e-mail files were provided with the exception of e-mails including Epic's general counsel office, which may have been subject to attorney-client privilege. Had additional documents been provided to CRI or additional individuals interviewed, additional information may have been discovered that could impact the findings in this report.

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Approach

Our engagement was conducted in accordance with the Statement on Standards for Forensic Services No. 1 (SSFS), applicable professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE). The AICPA's SSFS does not specifically require or promote the use of certain methodologies, techniques, etc. for forensic engagements. This is due to the fact that no single standard can be extensive enough to consider all of the potential methodologies, techniques, etc. that could be applied to every forensic engagement.

Rather, this statement implements general standards that should be followed during a forensic engagement. These standards include that an AICPA member should have the professional competence to perform the engagement and exercise due professional care during the performance of the engagement. These standards were followed during the course of our engagement.

As indicated by the SSFS, "forensic accounting services generally involve the application of specialized knowledge and investigative skills by a member to collect, analyze, and evaluate certain evidential matter and to interpret and communicate findings." Due to the nature of the concerns involved, CRI was required by professional standards to conduct this engagement under SSFS. It should not be construed that attest standards (i.e., audit related engagements under the professional standards) would be more applicable to the subject engagement or yield a different/more reliable result. It should be noted that auditors conducting financial statement audits consider fraud, specifically as to whether it would result in a material misstatement of the financial statements.[8] It is an organization's management that is responsible for the design, implementation of programs and controls to prevent, deter and detect fraud.[9] The SSFS requires that practitioners "obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations." CRI obtained such sufficient relevant data to support the basis for its conclusions and recommendations.

We verify that the authors and other professional staff involved in preparing this report acted independently and objectively. The fees for this engagement were based on professional time expended. Our fees were not contingent upon the final results, conclusions or resolutions.

We also applied various commonly used forensic data mining techniques to the provided data to identify trends, patterns and budgetary shortfalls in the data provided. These techniques and the identified trends, patterns, and budgetary shortfalls are outlined below.

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[8] AU-C Section 240, *Consideration of Fraud in a Financial Statement Audit.*

[9] Ibid.

Expert Qualifications

CRI is a national accounting and advisory firm. CRI provides a spectrum of forensic and dispute services ranging from prevention to detection in response to fraud. The CRI team include members who have received forensic accounting designations from the most widely recognized forensic accounting associations. These designations include Certified Public Accountants, Certified Fraud Examiner and Certified in Financial Forensics.

Ben Kincaid, CPA, CFE, CVA, CFF

Ben Kincaid has over 13 years of experience in public accounting and in providing a variety of forensic accounting services. These forensic accounting services include litigation support, forensic investigations, business valuations, lost profit calculations, etc. Mr. Kincaid has served as a consultant for several state, county and other local law enforcement agencies/governments and serves on the AICPA Forensic and Litigation Services Committee.

Additionally, Mr. Kincaid is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Kincaid has also received the Certified Fraud Examiner and Certified in Financial Forensics designations. These forensic accountant designations are considered to be the most valuable forensic certifications. Holders of these forensic accountant designations are required to demonstrate a high level of knowledge and competence within the field of forensic accounting. Mr. Kincaid is also a Certified Valuation Analyst, which is the most widely recognized business valuation credential. A summary of Mr. Kincaid's résumé and qualifications is included in Appendix A of this report.

Rob Broline, CPA, CCA

Rob Broline has over 25 years of proven skills and experience in public accounting. Mr. Broline provides a variety of consulting and internal control services for governments, schools and other organizations. These services include entity-wide risk assessments, process risk/control assessments, internal audits, operational audits, construction cost audits and forensic investigations.

Mr. Broline is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Broline is also a Certified Construction Auditor, which is a nationally recognized credential demonstrating specialized expertise in construction auditing and related risk areas. Mr. Broline speaks regularly on internal controls and related topics for a variety of construction and governmental organizations. A summary of Mr. Broline's résumé and qualifications is included in Appendix A of this report.

Summary of Procedures Performed

1. Conducted interviews with the following individuals to obtain an understanding of Epic's operations and books and records:[10]

    a. Ginger Casper – Board Member;
    b. Mike Vela – Board Member;
    c. Sara Barry – Board Vice-Chair;
    d. Trevor Hammons – Board Chair;
    e. Justin Hunt – Deputy Superintendent of Instruction/Interim Superintendent;
    f. Shawna Salkil – Deputy Superintendent of Operations;
    g. Lealon Taylor – Deputy Superintendent of School Support and Special Services;
    h. Brandon Webb – Deputy Superintendent of Legal Services;
    i. Michael Flory – Chief Financial Officer (formerly Executive Director of Accountability and Data Analytics);
    j. Jeanise Wynn – former Chief Financial Officer;
    k. Dori Williams – Executive Director of Finance (formerly Executive Director of Purchasing);
    l. Diana Trumbly – Executive Director of Payroll;
    m. James Megna – Executive Director of System Support;
    n. Mikayla Frech – Executive Director of Human Resources;
    o. Varsha Mohinani-Mahbubani – Controller;
    p. Emily Trumbly – Director of Purchasing (formerly Purchasing Agent);
    q. Tiffany Reeves – Director of Accounts Payable;
    r. Michelle Valdez – Director of Enrollment;
    s. Casey Gill – Senior Learning Fund Purchasing Agent (formerly Financial Compliance Specialist);
    t. Courtney Belknap – Purchasing Specialist; and,
    u. Tyler Barrett – Technical Assets Distribution Specialist.

    CRI requested interviews with Mr. Bart Banfield, former Superintendent of Epic, and Ms. Carrie Truver, former Executive Director of Finance. These individuals either declined or did not respond to CRI's requests for an interview.

2. Analyzed Epic's internally prepared financial statements for completeness and accuracy.

3. Analyzed Epic's budget preparation process, budgets and budgeted-versus-actual results.

4. Analyzed Epic's general ledger activity, payroll records, and other financial records for any accounting irregularities that are not in compliance with federal, state and local laws and rules.

5. Inspected bank statements, reconciliations, transfers, and procurement card activity for unauthorized or questionable transactions.

6. Analyzed Epic's proposed and/or implemented remedies or corrective action and determined whether or not these remedies will help stabilize Epic's operations.

[10] With the exception of Ms. Wynn, Epic's Deputy Superintendent of Legal Services, Mr. Brandon Webb, was present during each of these interviews.

Source Documentation

We obtained and relied upon the documentation listed in Appendix B of this report during our investigation. These documents included, but were not limited to, Epic financial statements, budgets, bank statements and purchasing card statements.

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Results of Procedures Performed

1.1. Understanding

A background and history of Epic and its operations were obtained. Interviews conducted with current and former employees as well as board members provided an understanding of Epic's operations as a whole, but specifically the processes related to enrollment, budgeting, payroll, financial reporting, internal controls, and financial decision-making practices relevant to this inquiry. Epic operates on a fiscal year reporting calendar running July 1 through June 30, consistent with Oklahoma public school fiscal reporting requirements.

Epic operates as a public charter school system and is governed by a five-member Board. In or around 2022, the Board elected the Carver Policy Governance Model. Under this governance model, the Board delegated day-to-day management of Epic to the Superintendent. This delegation included hiring/firing decisions, staff oversight/interaction, and most other operational decisions and directions. The Board meets on a regular basis and has an audit committee that meets regularly as well.

The Superintendent is supported by an executive leadership team, including Deputy Superintendents over Instruction, Operations, School Support, and Legal Services, as well as the Chief Financial Officer (CFO) and various other department directors. Operational oversight was distributed across departments such as Finance, Human Resources, Operations, Student Services, Technology, etc. Each department has an executive or director serving as the primary liaison for their functional area.

At the beginning of the analysis period, Epic employed over 2,000 employees, including administrative, instructional, and support staff. During the analysis period, Mr. Bart Banfield served as Epic's Superintendent until his resignation in June 2025. Ms. Jeanise Wynn served as CFO and supervised the Finance Department until her employment was terminated in May 2025. Ms. Wynn also served on Epic's executive leadership team. As CFO, Ms. Wynn was primarily responsible for Epic's financial reporting, budgeting, accounting and other finance areas.

Epic does not currently have an internal audit function/team. Epic briefly established an internal audit function in or around April 2024 consisting of two employees that primarily performed reconciliation work, but the internal audit function was dissolved in October 2024. Epic utilized Sylogist/MAS as its enterprise resource planning (ERP) system. Epic also utilized PowerSchool, BambooHR, and Laserfiche to further manage and approve its accounting, student data, payroll, and purchasing processes. These separate systems were not integrated into Sylogist.

Per various Epic employees, Ms. Wynn became CFO shortly after Epic came under heightened scrutiny due to prior state investigations into Epic's governance, financial controls, and oversight practices. These employees indicated that Ms. Wynn was instrumental in helping to improve Epic's internal controls and financial oversight practices, which were previously lacking. These employees further indicated that Ms. Wynn had a higher degree of trust and autonomy within Epic due in part to these efforts/improvements.

In prior fiscal years, Epic had received significant Elementary and Secondary School Emergency Relief Funds (ESSER). Fiscal year 2024's ESSER revenue totaled over $25 million (or 9% of Epic's total revenues). Based on employee interviews and board meeting videos, Epic was well aware that the ESSER funding was expiring, and Epic would no longer receive ESSER funding in fiscal year 2025. Employees interviewed indicated that there was an urgency in fiscal year 2024 to conduct additional spending to avoid returning the ESSER funds.

In the spring semester of 2024 (fiscal year 2024), Epic had to hire new teachers due to increased student enrollment at Epic. Epic leadership interviewed indicated that this was difficult as most teachers were already under contract for the school year. It was indicated that Epic did not want to have to hire teachers mid-school year again. Epic also indicated that projecting its student enrollment is difficult especially compared to traditional school districts, and its student enrollment was subject to volatility throughout the school year.

In the months leading up to fiscal year 2025, Epic conducted extensive hiring to prepare for projected enrollment of 33,000 students. In comparison, Epic's average student enrollment for fiscal year 2024 was approximately 27,000, which means Epic was expecting increased enrollment of approximately 6,000 students. Hiring decisions were based on internal student enrollment projections and organizational goals to achieve preferred student-to-teacher ratios. Interviewees stated that these hiring discussions continued through the summer of 2024, with participation from the former Superintendent, former CFO, Deputy Superintendent of Legal Services, Human Resources, and Instruction leadership. This resulted in Epic having its largest workforce as it entered fiscal year 2025.

Certain finance department employees noted an issue in July 2024 when the "budget was busted" after the payroll encumbrance was established for the year. Other Epic employees and Board members started becoming generally aware of fiscal concerns in or around August/September 2024. Epic's executive leadership team reportedly met weekly to discuss Epic's current and expected financial position. Employees and Board members interviewed indicated that the severity of the situation was not communicated across departments or to the Board.

In early October 2024, at the direction of Mr. Banfield, Epic's executive leadership team began developing a plan to address the financial challenges identified in their meetings. Employees interviewed described a series of discussions among senior staff regarding potential cost-reduction measures, including payroll adjustments, operational cuts, and decreases in non-essential expenditures. Employees interviewed also described these meetings as tense and the Superintendent was generally not present during these senior staff meetings. Later that month, Epic implemented a reduction-in-force, terminating approximately 150 employees. Employees interviewed indicated that several cost-reduction measures discussed in early October were postponed until January 2025 at the direction of the Superintendent pending further evaluation of Epic's financial position.

Employees interviewed stated they believed the actions taken by Epic in October 2024 would resolve its financial issues and stabilize the organization for the remainder of the fiscal year. They further stated that this belief was reinforced on multiple occasions by Ms. Wynn. Ultimately, Epic had to implement an additional reduction-in-force in or around June 2025, which terminated approximately 350 additional employees. Epic also had to obtain a significant credit line to meet its cash-flow obligations.

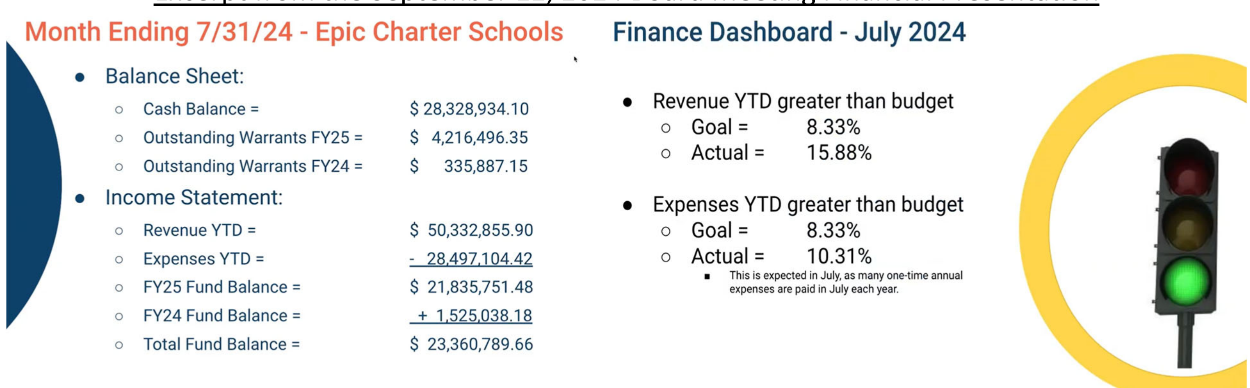
2.1. Financial Statement Analysis

Epic is required to prepare financial statements and undergo annual independent financial statement audits. The audited financial statements for fiscal year 2025 were not completed and available for CRI's analysis during the course of this investigation. Epic maintains its books in conformity with the regulatory basis of accounting as required by the Oklahoma State Department of Education, which is essentially a modified cash basis of accounting.

CRI obtained and analyzed Epic's Board agendas, meeting minutes, and monthly finance presentations for the analysis period to understand the financial information provided to the Board and the timeliness, completeness, and accuracy of those submissions. Per the Board members interviewed, the Board primarily relied on monthly slide-based presentations prepared/presented by the former CFO, Ms. Wynn. The Board also received a monthly financial statement packet prepared by the finance department that contained high-level balance sheets, high-level income statements, high-level budget versus actual income statements and a monthly bank reconciliation report. Interviewees indicated that the Audit Committee received the same high-level financial materials as the Board and did not receive departmental or account-level details.

The Board financial presentations generally consisted of a "dashboard" combining a high-level balance sheet and high-level income statement summary, followed by an additional "dashboard" highlighting Epic's overall revenue and expenditure budget-versus-actual percentages. Ms. Wynn also utilized a "traffic light" graphic intended to provide a high-level indicator of Epic's overall financial condition. Throughout most of the analysis period, the "traffic light" was green or yellow. Examples of the July 2024 financial slides are presented below.

<u>Excerpt from the September 12, 2024 Board Meeting Financial Presentation</u>



Financial information presented to the Board was generally two months in arrears throughout fiscal year 2025. For example, July 2024 financials were presented at the September 2024 Board meeting. Several months contained no financial presentation at all, typically coinciding with periods in which budgeting activities or year-end processes were underway.

CRI compared the monthly financial reports/information presented to the Board to the financial information generated by the ERP system. During the analysis period, the Board financial reports were generally consistent with the ERP system financial information with expected exceptions due to the nature of unaudited/unadjusted financials. In one month, there appeared to be a scrivener's calculation error in the financial reports, but it was not deemed a significant error. A significant exception related to the fiscal year 2024 carryover balance, which is discussed in subsequent sections of this report.

3.1. Budget Analysis

Epic is required to prepare its annual budget using the Oklahoma Cost Accounting System (OCAS), and present its budgets to the Board for approval prior to the start of each fiscal year. School districts in Oklahoma are offered two methods for establishing budgets: the Estimate of Needs or the School District Budget Act (SDBA). Epic adopted the SDBA methodology in or around 2022.

During the analysis period, the budget process and development was overseen by Ms. Wynn. Employees interviewed including finance department employees stated that they had limited to no involvement and/or insight into the budget development process for Epic. Certain employees indicated that they pulled various reports and/or submitted expected changes in personnel and/or other costs to Ms. Wynn, but these employees did not know how this information was incorporated into the budget.

Per Ms. Wynn, Epic's budget was developed primarily by reviewing prior years' financial data, removing any one-time anomalies and incorporating any expected revenue/cost changes. The budget also considered projected enrollment numbers for the upcoming fiscal year. Ms. Wynn described that she utilized numerous spreadsheets to develop the budget and these spreadsheets should have been saved on an internal Epic shared drive. Current Epic employees stated that they could not locate Ms. Wynn's budget workpapers and/or the budget workpapers did not contain any reference to how the numbers were derived. Epic subsequently provided a copy of the internal Epic shared drive where the budget workpapers were saved. In analyzing these budget workpapers, CRI confirmed that it was unclear where/how certain budget amounts were derived by Ms. Wynn and certain amounts appeared to be "plug" values.

Employees interviewed indicated that they did not review the budget and/or provide any additional input into the budget prior to the budget being presented to the Board for approval. Employees interviewed further indicated that they did not receive any departmental budgets and were unclear on how much of Epic's budget was allocated to their departments. No department budget-to-actual results were provided either throughout the year. Various employees stated that they requested this information and Ms. Wynn would respond that she was working on a departmental level budget, but it never materialized.

In an interview with Ms. Wynn, Ms. Wynn stated that Epic had a "function or legal budget" and a "department budget." The function/legal budget was the budget that Epic's Board approved and was submitted to the State as it followed OCAS requirements. The department budget was a separate budget document and Epic operated based on the department budget. Ms. Wynn indicated that the department/account level budget worksheets did not tie into the function/legal budget, but the overall numbers were the same as the only "legal" requirement/approval was the total budgeted amount. Employees interviewed appeared unaware of the department budget.

The Board only received the function/legal budget and other high-level summary schedules. Detailed budgets and/or detailed budget-to-actual results were not provided to the Board. Board members interviewed indicated that they believed they had been provided with sufficient information to understand Epic's financial position and the budget prior to their approval of the fiscal year 2025 budget in June 2024. Board members also indicated that although the Board approved the budget, they did not approve staffing or operational decisions as those were delegated to the Superintendent.

3.2. Fiscal Year 2025 Budget

Epic originally budgeted $317 million in revenues (including a $60.4 million carryover balance (i.e., beginning fund balance)), $276.3 million in expenses, and a budgeted carryover to fiscal year 2026 (i.e., ending fund balance) of $40.7 million. If the carryover balance is excluded, the adopted budget would have resulted in a $19.7 million loss. The Board members interviewed appeared generally unaware that Epic was budgeted to operate at a loss when the carryover funds were not considered. Epic like Oklahoma public school districts is limited on how much carryover funds can be retained from fiscal year to fiscal year.

During the June 13, 2024 Board meeting where the original fiscal year 2025 budget was approved, Ms. Wynn told the Board that the Board was approving total expenses only, not revenue. The revenue was merely being presented for informational purposes. During the same meeting, Ms. Wynn stated that the fiscal year 2025 budget was based on an enrollment of 27,000 students and referred to it as a "conservative" budget six times during the meeting. At this time, the projected enrollment for Epic was approximately 33,000 students.

Epic's largest operating expense is its payroll costs, which is primarily driven by teacher's payroll and accounted for in the "Instruction" line item of Epic's budget. During this Board meeting, Mr. Banfield, former Superintendent, stated that the number of Epic's staff was at an all-time high of approximately 2,300 staff. As detailed in subsequent sections of this report, the number of Epic employees *increased* significantly in fiscal year 2025 as compared to fiscal year 2024. Despite this, Epic's budget for the "Instruction" line item *decreased* by $2.65 million. Other budget line items that included payroll expenses similarly decreased.

When inquired regarding the fiscal year 2025 budgeted expenses, Ms. Wynn further detailed that the budget is also based on prior year OCAS data and corresponding percentages. In other words, the budgeted expenses would be based on historical expense percentages applied to the current year revenue. CRI further inquired how Ms. Wynn would adjust the budget if you are budgeting lower revenue/student enrollment, but hired a significant number of employees for the same fiscal year. Ms. Wynn reiterated that she budgeted not for the forecasted 33,000 students, but for 27,000 students. This was in Ms. Wynn's words "conservative budgeting, it's not conservative hiring."

Although using the lower 27,000 students is a conservative approach to calculate budgeted revenue, it is not a conservative approach to calculate budgeted expenses. Rather, it fails to consider the considerable increase in costs associated with the known hiring increases. Ms. Wynn continued to maintain that it was "conservative" as the teacher's salaries are not fixed and if Epic paid everyone at their base salary, Epic would have been fine. This statement was not supported by CRI's analysis as described in subsequent sections of this report.

Ms. Wynn indicated that it would have been a lot harder to go into fiscal year 2025 with a budget for the projected 33,000 students "…so they don't spend money they're not going to get." Ms. Wynn also stated that this was just an initial budget, and the budget is not "real" until January because that is when you will know your revenue from the State.

Historically, Epic amended its budget throughout the year. During fiscal year 2024, the originally approved budget was amended three times. Similarly, during fiscal year 2025, the originally approved budget was amended three times: October 2024, January 2025, and May 2025. These amendments frequently reflected changes in both revenues and expenses. The Board's approval of the changes was again focused on the overall expenses, not particular expense categories. The first amended budget only reflected a change in budgeted revenues due to a lower carryover fund balance from fiscal year 2024. This change in the carryover fund balance is discussed further in subsequent sections of this report. The second and third amendments reflected changes in both revenues and expenses with the final budget reflecting a $22.9 million increase in expenses (or 8.3%). A summary of the original budget and subsequent amendments for fiscal year 2025 are presented below.

	Original Budget (06/13/24)	1st Amendment (10/03/24)	2nd Amendment (01/23/25)	3rd Amendment (05/15/25)
Total Budgeted Revenue	$ 317,000,473	$ 300,266,779	$ 308,383,113	$ 299,202,080
Total Budgeted Expenses	(276,315,748)	(276,315,748)	(287,210,398)	(299,202,080)
Budgeted Fund Balance	**$ 40,684,725**	**$ 23,951,031**	**$ 21,172,715**	**$ -**

Finance department employees interviewed indicated that during the fiscal crisis, Ms. Wynn frequently made adjustments reducing the budgeted/encumbrance amount for Epic's year-end bonuses. Epic's ERP system does not maintain an audit trail of these changes that would allow CRI to independently verify and analyze these changes. Finance department employees indicated that they had to do a significant adjustment to the bonus encumbrance to align with what it was obligated to pay under its staffing contracts.

In the Board meetings that occurred during the analysis period, Board members asked limited questions related to Ms. Wynn's/finance department presentations. Of the six questions asked by Board members, only two of those questions were related to the budget. Board members interviewed indicated that this was due to the established Board governance model and privilege concerns versus a lack of concern over Epic's financial position.

Epic employees interviewed indicated that they did not receive any budget versus actual results outside of the Board presentations, and they did not receive any departmental budget information. Employees interviewed indicated that they requested this information from Ms. Wynn, and Ms. Wynn stated that she was working on it without ultimately producing anything. Employees and Board members interviewed further indicated that they relied on Ms. Wynn's statements that the October 2024 reductions would stabilize Epic, and Ms. Wynn continued to maintain that Epic was "okay" up through the termination of her employment in May 2025. They further indicated after Ms. Wynn's departure, Epic reassessed its financial position and determined that additional reductions were necessary despite Ms. Wynn's assertions to the contrary.

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3.3. Fiscal Year 2024 Carryover Analysis

As previously indicated, Epic originally budgeted a $60.4 million carryover amount (i.e., beginning fund balance) as revenue for fiscal year 2025. It is unclear how Ms. Wynn derived the budgeted carryover amount of $60.4 million. Per the 2024 audited financial statements, the actual ending fund balance/carryover amount was $43.7 million, which is lower than the budgeted amount by $16.7 million (or 27.7%).

At the June 2024 Board meeting when the fiscal year 2025 budget was presented/approved, Ms. Wynn also presented an amended budget for fiscal year 2024 to the Board for approval, which reflected a budgeted ending fund balance of $42.7 million for fiscal year 2024. This is $17.7 million lower than what Ms. Wynn incorporated into the fiscal year 2025 budgeted revenue. Ms. Wynn indicated that she believed that the fiscal year 2024 ending fund balance should be higher than the budgeted amount and provided various reasons why she believed that the fiscal year 2024 ending fund balance/carryover would be higher. Even if that was an accurate belief, it is not sound or conservative budgeting to include such amounts in a proposed budget particularly without proper disclosure and discussion.

In the August 2024 Board meeting, Ms. Wynn presented a fiscal year 2024 ending fund balance/carryover update. In this meeting, Ms. Wynn stated that the then current fund balance for fiscal year 2024 was $46.7 million and after accounting for late paid claims and open purchase orders, the fund balance was approximately $56.9 million. Ms. Wynn also stated to the Board that this lower projected fund balance was due to increased facility costs, technology costs and newly hired employees. In contrast, in her interview with CRI, Ms. Wynn stated that she believed a significant portion of the fiscal year 2025 carryover decline was attributable to end-of-year bonuses being higher than expected. While fiscal year 2024's bonuses were higher than budgeted, the increased bonuses would have only accounted for 5% of the $16.7 million variance.

It should be noted that CRI could not determine how Ms. Wynn calculated the $56.9 million projection presented to the Board. Based on the available information, it appears that Ms. Wynn may have included federal reimbursement claims in this carryover projection that were for fiscal year 2024 but ultimately not paid until fiscal year 2025. This would have been improper to include in the carryover projection under Epic's modified cash basis of accounting.

CRI attempted to recreate the projected carryover amount/ending fund balance for fiscal year 2024 utilizing the April 2024 financial information as this was the information available to Ms. Wynn at the time of the fiscal year 2025 budget submission. CRI's calculations reflected a projected carryover amount in the $40 million range. Ultimately, the actual carryover amount was $1 million higher than the fiscal year 2024 projected amount. It does not appear Ms. Wynn was fully transparent regarding this significant decrease. As such, this likely impaired and delayed Epic from taking the necessary actions to address this deficiency and funding shortfalls sooner.

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3.4. Student Enrollment, Hiring and Other Factors Analysis

CRI obtained an understanding of Epic's enrollment management practices, staffing structure, and the decision-making framework used to plan for fiscal year 2025. Epic's operational model for fiscal year 2025 and prior years relied on enrollment projections because the number of students enrolled at Epic determines the amount of state funding/revenue that Epic will receive for the fiscal year. It also relies on the enrollment projections to drive hiring decisions for instructional and support staff.

Epic historically used internal projection tools to continuously project student enrollment, which is actively tracked and monitored. Per Mr. Michael Flory, the then Executive Director of Accountability and Data Analytics, his department maintained an enrollment dashboard that was provided to Epic leadership, which included actual student enrollment and projected student enrollment. The projected student enrollment was based on the current student enrollment, student applications and historical enrollment data. Mr. Flory indicated that these projections are "not an exact science" and Epic has hired consultants over the years to help refine these projections. Mr. Flory and other employees interviewed also indicated that Epic's student enrollment is difficult to project due to a variety of factors. Several Epic employees interviewed stated that Epic's student enrollment projections were historically very accurate and seemed reliable. Due to this perceived accuracy, no one reportedly questioned the student enrollment projections.

In or around late fall 2024, it became apparent that Epic's projected student enrollment was not going to be that high. Per Mr. Flory, this was in part due to an error in the projected enrollment calculations. When asked why this error did not present similar issues in prior fiscal years, Mr. Flory indicated that it was probably "dumb luck." While CRI did not analyze the underlying projected student enrollment formulas/calculations, it appeared there may have been additional incorrect assumptions in these formulas/calculations based on the interview with Mr. Flory.

Based on interviews and available documentation, Epic hired staff for fiscal year 2025 based on a projected enrollment of approximately 33,000 students. Departments involved in the hiring process included Enrollment, Academics, Special Education, Human Resources, and Finance, with instructional leadership typically responsible for identifying staffing needs. Current Epic employees interviewed indicated that Ms. Wynn was present during the hiring meetings and provided the finance department's approval for the hiring. Epic's student-teacher ratio goal was 28:1 (28 students per 1 teacher), which further influenced staffing/hiring decisions.

Although Epic entered fiscal year 2025 anticipating significant student enrollment growth (projected student enrollment of 33,000), Epic's actual student enrollment never reached that level, peaking at 31,461 in February 2025 with average student enrollment between 27,000 and 28,000. Epic began fiscal year 2025 with the lowest starting enrollment in comparison to fiscal years 2023 and 2024.

Despite this, Epic entered fiscal year 2025 with one of the largest staffing increases in its history. Between May 1 and July 31, 2024, Epic hired 419 employees and terminated 51, resulting in a net gain of 368 employees. The hiring surge included approximately 187 general education teachers, 110 special education teachers, and more than 50 administrative personnel. It also included approximately 60 Math and Reading Interventionists in July 2024 as part of a new intervention initiative. Notably, only 17 of these interventionists were included in the October 2024 reductions, with the remaining positions being eliminated with the June 2025 employment non-renewals.

As previously indicated, the October 2024 reduction-in-force terminated approximately 150 positions with most of the terminated positions not including teachers. Mr. Hunt, current Interim Superintendent, indicated that Epic did not want to terminate any teaching positions as it would have a negative impact on the student population. As such, the October 2024 reduction-in-force was insufficient to stabilize Epic's financial condition even though such increased position and hiring levels in comparison to the prior year were knowable at that time. Student enrollment at that time was also comparable to the prior year.

Other factors influencing the hiring disparity included weighted enrollment for Epic's special education student population. Mr. Hunt indicated that this population increased in fiscal year 2025 contributing to the hiring imbalance. While the special education population did increase in fiscal year 2025, it did not have an outsized effect on the hiring disparity based on CRI's analysis. Epic's non-roster teacher counts also significantly increased in fiscal year 2025 further contributing to the hiring disparity.

As previously indicated, Ms. Wynn maintained that the increased hiring should not have resulted in increased payroll costs due to how Epic pays its teachers based in part on their weighted student rosters. Ms. Wynn's assertions neglect to account for the non-teacher hiring increases as well as the minimum salary requirements and many other nonfinancial factors. This is further supported by the substantial increase in Epic's actual payroll costs in comparison to fiscal year 2024 even after taking into consideration the October 2024 reduction-in-force.

Other factors influenced the fiscal year 2025 budget variances including facility and site-related expenditures, which significantly exceeded budgeted amounts. Epic budgeted approximately $6.6 million for facility and site-expansion costs for fiscal year 2025, a decrease of nearly $3.1 million from fiscal year 2024 actuals, despite aggressive internal goals to continue expanding physical locations and increase in-person services. Actual fiscal year 2025 facility and site-related expenditures totaled approximately $12.1 million, exceeding the final approved budget by more than $5.5 million. Interviewees consistently described the Superintendent as the primary driver of site expansion, directing the addition of approximately two to three new microsites per month through early fall 2024 as part of a long-standing goal to place microsites in the top 40 counties, and eventually statewide. Several employees noted that the pressure to expand resulted in sites being opened in areas that were "not a good fit," simply to meet this expansion target, rather than based on demonstrated student need or financial capacity. There appeared to be no cost-benefit analysis conducted in relation to these site expansions. Interviewees noted that Ms. Wynn also approved these site expansions from a finance perspective. When fiscal issues at Epic were apparent, these facility costs were to some degree fixed based on contracts executed by Epic, and Epic continued to pay for certain facilities despite not being able to utilize the facilities.

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4.1. General Ledger and Financial Record Analysis

CRI analyzed Epic's general ledger activity and related financial records for the analysis period to assess the accuracy, completeness, and reliability of the underlying accounting data. Employees interviewed indicated that Epic was unable to generate a full detailed general ledger from its ERP system due to software limitations, and the ERP system does not roll-forward/carryover beginning account balances. Epic was able to generate Revenue and Expense Detail reports, which reconciled to the audited fiscal year 2024 financial statements and the unaudited financial statements for fiscal year 2025, which provided sufficient details for further analysis.

As previously indicated, Epic operated multiple systems to support its financial, payroll, and purchasing processes. Sylogist/MAS served as the primary ERP system used to record budget activity, process journal entries, and generate Revenue and Expense Detail reports. BambooHR housed employee records, compensation settings, contract changes, and termination entries, while Laserfiche served as the repository for purchasing documentation, including purchase orders, approvals, invoices, and receipts.

Although these systems collectively captured the major operational functions of Epic, employees reported that the systems were not integrated. This required manual reconciliation between platforms. Interviewees described recurring mismatches, particularly related to shipping fees, payroll adjustments, and student-level information, which necessitated verifying the same transaction across multiple systems. As a result, Epic's financial records were not generated through a single integrated workflow but instead required cross-referencing across multiple platforms to ensure completeness and accuracy. This decreases efficiency and is more prone to errors.

During the analysis period, Epic was testing/implementing a separate ERP system with the goal of transitioning to that system. Certain finance department employees indicated that they spent substantial time testing and implementing this system. Ultimately, as a cost-saving measure in response to Epic's financial difficulties, Epic decided against implementing the new ERP system and terminated the contract.

Epic maintained Board-approved contracting and purchasing policies outlining requirements for purchase orders, encumbrances, competitive quotes, contract approval thresholds, and authorization limits. However, employees indicated that Epic did not maintain similarly detailed written accounting procedures describing how financial activity should be entered, reconciled, and/or cross-validated across Sylogist/MAS, BambooHR, and Laserfiche.

Epic's primary revenue sources during the analysis period were state aid allocations administered through the Oklahoma State Department of Education (OSDE), including State Aid Formula Funding, Special Education (IDEA-B) allocations, and various categorical appropriations tied to various student characteristics. Additional revenues were derived from federal grants such as Title I, Title II, Title IV, ESSER funds, Medicaid reimbursement, and limited program-specific grants. Epic primarily relied on per-pupil state funding and federal grants for operational support.

State aid was calculated based on weighted average daily membership, making student enrollment and Special Education indicators the primary determinants of Epic's revenue. During the analysis period, OSDE deposited state aid directly into Epic's bank accounts on a monthly basis. Because the vast majority of Epic's revenue was received through direct state and federal remittances, the inherent risk related to revenue receipt was low.

Epic has established proper segregation of duties in relation to its bank disbursement and purchasing processes. CRI analyzed Epic's master vendor list for potential conflicts of interest and/or addresses associated with key Epic employees. No unreported conflicts of interest were identified. Employees and Board members interviewed generally indicated that they were unaware of any potential conflicts of interest.

CRI haphazardly selected various bank disbursements as well as goods/services procured during the analysis period for compliance with Epic's policies and procedures. Documentation included purchase orders, invoices, receipts, internal correspondence, and, where applicable, sole/Single Source Justification forms. Our analysis identified adequate approvals for the selected transactions. No discrepancies, missing documentation, or variances between the supporting records and the transactions recorded were identified.

4.2. Payroll Analysis

During the analysis period, Epic paid its employees on a monthly basis. Certified teachers were generally compensated according to either their contractual minimum salary or their weighted roster levels, while administrative, support, and site-based staff were paid on either a salaried or hourly basis depending on position. Teacher compensation also included National Board-Certified Teacher stipends, beginning-of-year Special Education stipends, and end-of-year bonuses. Hourly employees submitted timesheets to their supervisors, and approved time was then forwarded to Payroll for entry. Epic has established proper segregation of duties in relation to its payroll processes.

According to employees interviewed, payroll was typically run once per month, with supplemental payrolls occurring occasionally for all employees. Payroll data was pulled on the second Friday of each month, and teachers occasionally reported concerns about missing student-based compensation, particularly when students were added after the payroll pull date, and when verified, these adjustments were processed in the following month. Prior to running payroll, payroll staff generate comparison reports from the human resources platform to ensure all active employees were included. Other finance department employees would then initiate the payroll disbursement.

CRI analyzed Epic's payroll registers for all employees and compared the data to Epic's bank disbursements and book entries. Overall, payroll activity was reasonably aligned. The minor variance identified related to timing differences and/or payroll adjustments. The employment agreements for former Superintendent Banfield and Ms. Wynn were also analyzed to verify that salaries paid were consistent with contractual obligations. Both employees had revised agreements during fiscal year 2025, primarily reflecting salary reductions adopted in response to Epic's financial difficulties. CRI compared these amounts to the payroll registers and confirmed that both the former Superintendent and former CFO were paid in accordance with their respective agreements throughout the analysis period.

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4.3. Learning Fund Analysis

The Learning Fund is a pivotal component of Epic's model and provides a $1,000 annual stipend to each student for educational materials/equipment, extracurricular activities, and other instructional supports. The Learning Fund is not a separate accounting fund nor is it maintained in a separate bank account. All Learning Fund purchases flow through Epic's standard operating accounts and PCard program.

Historically, Epic provided the full Learning Fund stipend to students regardless of enrollment date. Epic recently changed its Learning Fund policy in relation to students who enroll later in the year by allocating a prorated amount to their Learning Fund account, rather than providing the full $1,000 stipend. Employees interviewed stated that there were no similar provisions for families who would enroll, use their Learning Fund allocation quickly, and then unenroll shortly thereafter. It is unclear how frequently this occurs based on the interviews.

Parents/students initiate Learning Fund purchases through an internal ordering system that routes requests to the Learning Fund team for review. Staff described a structured but high-volume workflow in which orders enter a queue and are processed from oldest to newest. Each request is reviewed to confirm the student's identity, eligibility, remaining balance, item descriptions, links, pricing, and overall appropriateness. New or unfamiliar items receive additional review. Once approved, invoices flow into Laserfiche, the Learning Fund team deducts the amounts from the student's balance, entries are made into MAS, and Accounts Payable issues payment to the appropriate vendor.

Parent/student purchases may include non-consumable items (i.e., printers, microscopes, etc.). Per employees interviewed, when students purchase non-consumable items, those items are marked accordingly in Epic's systems at the time of purchase. At the end of the school year, Epic utilizes these markings to compile a list used to request that the parents/students return the non-consumable items. Epic does not appear to have a formal tracking/inventory system related to these returns. Interviewees described a warehouse storage area as "jam-packed full" of returned equipment, including printers, microscopes, and other durable items stacked on pallets without asset tags, inventory controls, or redistribution procedures. Although employees interviewed referenced a long-term goal of creating a "Learning Fund library" where students could borrow/purchase these returned items at a lower cost, this has not yet taken place. This has likely led to inefficiencies as well as waste related to the Learning Fund purchases (in both requiring/paying for equipment to be returned to go unutilized and allowing newer, higher cost items to be purchased when similar, comparable items exist in storage).

Employees interviewed indicated that in fiscal year 2025 the Learning Fund adopted a pre-approval workflow for certain vendors/goods. This significantly increased the Learning Fund team's efficiency as well as the volume/amount of Learning Fund purchases, which was in line with Epic's expectations for this change. Historically, certain students/parents do not fully utilize the annual stipend. The unused value of this stipend is kept by Epic at the end of the year. While Epic was experiencing its financial difficulties during fiscal year 2025, employees interviewed indicated that Ms. Wynn was constantly asking about the status and resulting estimated residual value within the Learning Fund. While this would be expected behavior for financial leadership in a fiscal crisis, it further highlights Ms. Wynn's lack of proper budgeting/forecasting in relation to the fiscal year 2025 budget.

5.1. Bank Statement Analysis

During the analysis period, Epic maintained various bank accounts. Epic's finance department indicated that Epic formally reconciled its bank accounts on a monthly basis. This was supported by Epic's bank reconciliation records. Epic's disbursements/expenditures are primarily processed via Electronic Funds Transfer (EFT) transactions, purchasing card charges, and check disbursements. Historically, only the CFO and Executive Director of Finance maintained access to Epic's bank accounts, while other finance employees, such as the Controller or Accounts Payable personnel, held more specific permissions, such as to view statements or perform stop payments. Epic has established proper segregation of duties in relation to the bank account/disbursement/reconciliation/etc. process.

During the analysis period, there was approximately $1.1 billion in bank disbursements from Epic's bank accounts. Of this amount, approximately $817.4 million related to internal bank transfers and approximately $21.1 million related to purchasing card payments. CRI analyzed Epic's bank transfers for discrepancies and/or unknown bank accounts. No discrepancies were identified. CRI also analyzed Epic's purchasing card payments for discrepancies and/or unknown accounts. Based on the available statements and related information, no such discrepancies and/or unknown accounts were identified.

There were approximately 4,041 checks disbursed during the analysis period that totaled over $34.6 million. A substantial portion of these checks were related to payments to vendors for Epic's Learning Fund. Another sizable portion of these checks as well as other electronic payment transactions were issued to various site-related vendors, such as for rent or utilities. CRI analyzed the vendor names, addresses, amounts, etc. for questionable transactions. The bank disbursements appeared related to normal, recurring expenditures. CRI also analyzed various payments to Ms. Wynn and Mr. Banfield, all of which occurred inside the normal payroll process at their contracted salaries. CRI also compared the bank statement activity to the financial data recorded in Epic's books. CRI did not identify any unresolved variances between the data sets during this comparison.

5.2. Bank Reconciliation Analysis

Epic's policies and procedures do not outline specific requirements for its bank reconciliations. The Purchasing Card Policy does assign reconciliation responsibilities for PCards to the Finance Department, with statements and receipts routed to the Treasurer or Assistant Treasurer for payment processing. It was generally understood that the Controller prepared and reconciled bank accounts monthly, and that the CFO compiled the reconciliations and accompanying financial statements for presentation to the Board. CRI requested and obtained Epic's bank reconciliation workpapers for the analysis period.

Based on these records, Epic's reconciliations were performed at a high, summary level rather than through detailed transaction-level verification. The reconciliation workbooks contained separate tabs for each bank account, however, the underlying support provided limited detail. For example, the check registers included only basic identifiers such as "Check #2693" without payee names or descriptions, making it unclear whether staff were tracing cleared transactions back to the supporting documentation or whether only high-level matching was performed. Similarly, purchasing card reconciliations listed monthly totals for each cardholder but did not include itemized transactions.

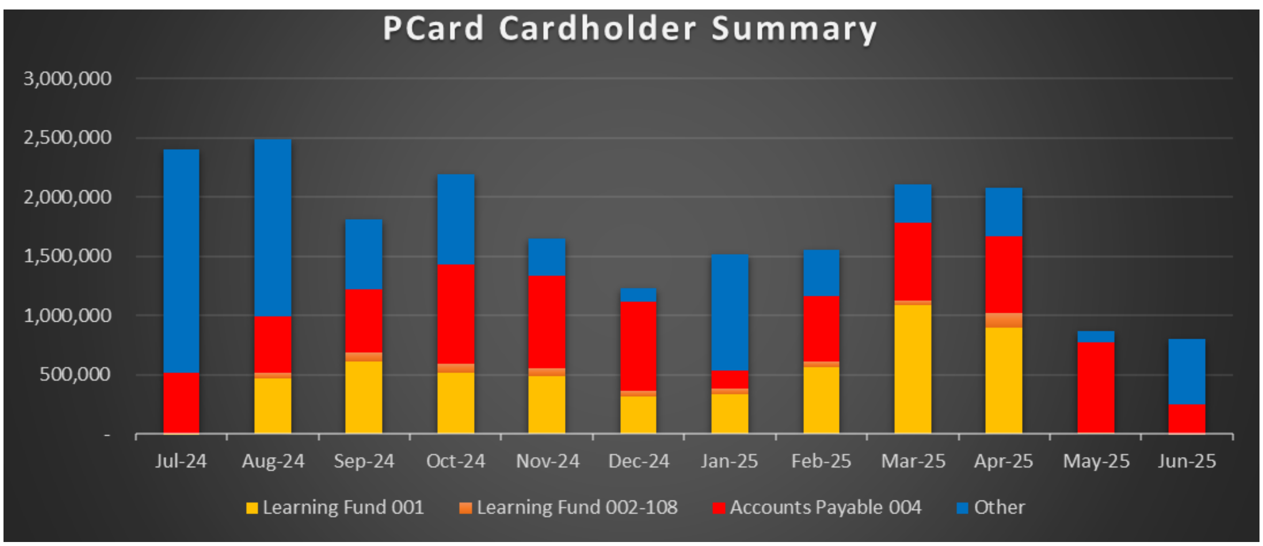
5.3. Purchasing Card Analysis

During the analysis period, Epic maintained multiple purchasing cards (PCards) assigned primarily by functional area rather than by individual employee. Several PCards were dedicated to specific activities, including Learning Fund purchases, Accounts Payable, and travel, while a limited number were issued to individual employees. The Purchasing Card Policy, last revised on August 9, 2023, establishes requirements for receipt submission, purchase order (PO) issuance prior to purchase, prohibited categories of spending, secure storage of cards, and monthly reconciliation procedures performed by the Finance Department. Under this policy, PCards may be used only for official school business, and a purchase order must be in place before a Pcard is utilized.

Employee interviews indicated that PCards were stored in a locked office and logged in and out by the finance department. The finance department has also established various PCard limits for each cardholder. Employees also reported that receipts were expected to be returned immediately after use and/or emailed to the finance department for reconciliation. In certain cases, these receipts were not always provided by the reconciliation date and these transactions would be tracked until the proper documentation was received.

At the bottom of each PCard account reconciliation, there were noted exceptions such as "NEED RECEIPT," "NEED APPROVAL," and "PO NOT BOARD APPROVED," which aligned with employee interviews. Although many of these issues appeared to have been corrected or refunded in later periods, the volume of unresolved items was high in certain months. This is indicative that employees may not be following proper policies and procedures prior to ordering/purchasing goods/services.

PCard activity during the analysis period was concentrated in two primary areas: the Accounts Payable card, used predominantly for recurring utility, telephone, and internet charges; and, the Learning Fund card, used almost exclusively for Amazon purchases on behalf of students. Together, these two cards accounted for approximately 59% of total PCard expenditures. A summary of the PCard activity by month and cardholder is presented below.



CRI haphazardly selected various PCard transactions that occurred during the analysis period and analyzed the applicable supporting documentation for compliance with Epic's policies and procedures. CRI also obtained and analyzed Epic's Amazon purchasing data for compliance. No discrepancies were identified.

6.1. Analysis of Epic's Corrective Actions

During the analysis period as well as subsequent to the analysis period, Epic has proposed and/or implemented various remedies and/or corrective actions to ensure that its operations have stabilized and the events that transpired during fiscal year 2025 do not reoccur. Some of these actions have already been implement and/or others are a "work-in progress." The most significant actions have included the Board moving away from the Carver Governance Model and providing more operational and financial oversight. It has also included adding a board/committee member with financial expertise and employing a new chief financial officer.

Other *implemented* changes have included the Board adopting a policy that requires Board approval for new employees that have annual salaries over $80,000, trimmed management structures, implementation of a nepotism policy, zero-based budgeting, dissemination of departmental budgets, more detailed financial reporting, etc. Epic is also in the process of implementing additional changes. These additional changes include, but are not limited to, preparing accounting policies and procedures, enhancing budgeting processes and oversight, reducing reliance on projections, etc.

All of these changes will help Epic stabilize its financial position and prevent similar issues from reoccurring. During CRI's analysis, CRI identified 15 findings that contributed to the fiscal issues during fiscal year 2025. Of these 15 findings, Epic has completed implementing the necessary changes to resolve 4 of these findings and is in the process of implementing the necessary changes to resolve an additional 8 findings. As such, there are 3 unresolved findings related to Board and budget approvals that Epic will need to address to help stabilize its financial performance and help prevent similar issues from reoccurring. These 15 findings and the related statuses are presented in the following section of this report.

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Summarized Findings, Effects and Recommendations

Based on the aforementioned observations and findings, Epic should consider implementing the following recommendations for improving its internal controls. The perceived risk related to each of these findings is also described below.

Rating	Description
High	Items are of immediate concern due to weak internal controls, prevalence of findings, or other risk factors. Items could cause significant financial issues or allow fraud to occur if not addressed soon.
Medium	Items should be addressed as soon as possible, as they either pose a financial, fraud and/or budgeting risk to Epic or the risk of reoccurrence is likely.
Low	Items could escalate into financial issues or fraud but can be addressed through the normal course of conducting business; risk of reoccurrence is low.

1. **Lack of Policies and Procedures**
   Risk Rating: Medium
   Finding: Epic has not adopted formal, written policies and procedures for its accounting processes, budget development, revision, monitoring, document standards, and approved thresholds.
   Effect: Employees may be unaware of the proper policies and procedures. Policies and procedures may not be complied with, and institutional knowledge related to these policies and procedures have been lost due to employee transitions and terminations. Policies and procedures may not be updated as necessary to adapt to the current internal control environment. Budget practices may be inconsistently applied, dependent on individual knowledge, and vulnerable to staff turnover.
   Recommendation: Epic should require that all policies, procedures, and processes be documented and approved. Epic should also implement a regular review process of its policies and procedures for adequacy and relevance.
   Corrective Action(s) Taken: **Pending.** Employees interviewed indicated that Epic is currently working on updated, detailed written policies and procedures.

2. **Insufficient Documentation of Budget Methodologies and Assumptions**
   Risk Rating: Medium
   Finding: Certain budget methodologies and supporting workpapers were not centrally maintained or readily accessible. Budget methodologies and/or assumptions were not appropriately documented and communicated.
   Effect: Inadequate documentation may limit the ability to independently verify budget assumptions; thereby, reducing oversight. It may also reduce transparency related to the budget process.
   Recommendation: Epic should implement centralized storage, version control, and retention standards for all budget documentation, methodologies and assumptions.
   Corrective Action(s) Taken: **Pending.** Epic is currently overhauling their budget processes.

3. Lack of Budget Oversight and Budget Change Orders

Risk Rating: High

Finding: Epic did not have proper oversight and review in relation to its budgets. Epic has not implemented budget change order forms to document, approve and track changes to the originally approved budget, specifically in relation to the budgeted expense accounts.

Effect: The absence of budget change order forms increases the risk that budget amendments to underlying expense accounts are made without proper authorization, oversight, or documentation. This may result in inaccurate budget reporting, reduced accountability, and noncompliance with internal policies or governing body approvals. Additionally, management may have limited ability to monitor budget variances, and unauthorized or inappropriate expenditures may not be detected in a timely manner.

Recommendation: Epic should develop and implement a formal budget change order process that requires standardized forms for all budget amendments. The process should include clear documentation of the reason for the change, the financial impact, and evidence of review and approval by appropriate levels of management and, when applicable, the governing body. Epic should ensure that its budgets undergo multiple reviews and approvals prior to submission to the Board.

Corrective Action(s) Taken: **None**.

4. Lack of a Internal Audit or Monitoring Function

Risk Rating: Medium

Finding: Epic did not have a formal internal audit function in place. There is no designated internal audit personnel or independent process to periodically evaluate internal controls, assess compliance with policies and regulations, or review operational and financial risks.

Effect: Without an internal audit function, control deficiencies, noncompliance issues, and operational inefficiencies may not be identified or addressed in a timely manner. This increases the risk of errors, fraud, or misuse of resources going undetected and limits management's ability to proactively assess and mitigate risks.

Recommendation: Epic should consider establishing an internal audit function. This may include assigning internal audit responsibilities to qualified personnel, engaging an independent third party, or implementing a risk-based internal review process. The internal audit function should report to the Board to maintain independence and enhance oversight of internal controls, compliance, and operational effectiveness.

Corrective Action(s) Taken: **None**.

5. Lack of Board Approval of Departmental Budget

Risk Rating: Medium

Finding: Ms. Wynn prepared a separate departmental budget for Epic's operational use that was not approved by the Board.

Effect: The absence of board approval of departmental budgets reduces governance oversight and accountability over the allocation and use of resources. Without formal approval, departmental spending may not align with the board's strategic priorities or authorized funding levels, increasing the risk of unauthorized expenditures and budget overruns.

Recommendation: Epic should present departmental budgets to the Board for review and formal approval as part of the annual budgeting process.

Corrective Action(s) Taken: **Pending**. Epic is currently overhauling its budget processes including providing more detailed budgets to the Board.

6. **Dissemination of Department Budget Results**

   Risk Rating: High

   Finding: Epic does not disseminate departmental budgets and/or departmental budget-to-actual reports to department leadership.

   Effect: The lack of departmental budgeting and budget-to-actual reporting limits department leadership's ability to effectively manage resources, monitor spending, and identify variances in a timely manner. This increases the risk of overspending, inefficient use of resources, and delayed corrective action. Additionally, the absence of regular financial communication reduces accountability at the department level and weakens overall budgetary control and financial oversight.

   Recommendation: Epic should implement a department-level budgeting process and establish regular communication of approved budgets and budget-to-actual reports to department leadership. Department managers should be held accountable for reviewing financial performance, explaining significant variances, and taking corrective action when necessary.

   Corrective Action(s) Taken: **Completed**. Epic has instated departmental budgets and is regularly communicating budget-to-actual reports to departmental leadership.

7. **Insufficient Board-Level Oversight**

   Risk Rating: High

   Finding: The Board's oversight of Epic's financial and operational activities was limited, in part due to the application of the Carver Governance Model, which emphasizes policy-level governance and delegates significant operational authority to management. While this model is intended to promote efficiency and clarity of roles, the Board has not established sufficient monitoring mechanisms, reporting requirements, or feedback processes to ensure effective oversight of management's execution of Board policies.

   Effect: As a result of limited oversight, the Board may not receive timely or detailed information necessary to identify financial, operational, or compliance risks. This increases the risk that control deficiencies, budget variances, or noncompliance issues may go undetected or unaddressed. Additionally, the Board's ability to fulfill its fiduciary responsibilities related to financial stewardship and accountability may be weakened.

   Recommendation: The Board should consider either adopting a different board governance model or strengthen oversight within the framework of the Carver Governance Model by enhancing monitoring and reporting practices. This may include establishing clearer expectations for management reporting, defining key performance and financial indicators, regularly reviewing budget-to-actual results, and documenting Board review and follow-up.

   Corrective Action(s) Taken: **Completed.** Board members increased engagement subsequent to June 2025 and the Board has adopted a different governance model, which provides for more oversight of Epic's operations. The Board is also receiving more in-depth financial information from management.

8. **Lack of Adequate Budgeting/Forecasting**
Risk Rating: High
Finding: Epic did not prepare adequate budgets to accurately forecast its revenues and expenditures for fiscal year 2025. There appeared to be a number of errors in budget methodologies/assumptions, which caused significant budget variances.
Effect: Budgeted amounts may be significantly over or understated. This may limit management and the Board's ability to make sound financial decisions and may further result in Epic expending funds without the proper resources.
Recommendation: Epic should work to improve their budget and forecasting process and continuously reevaluate its methodologies/assumptions for accuracy and relevance.
Corrective Action(s) Taken: **Pending**. Epic is currently overhauling its budget processes and methodologies.

9. **Reliance on Projected Enrollment Statistics without Validation**
Risk Rating: Medium
Finding: Epic relied on enrollment projection tools with unknown errors without proper validation and reasonableness tests.
Effect: Overreliance on unvalidated tools may lead to poor/inaccurate management decisions.
Recommendation: Epic should reduce its reliance on tools without proper validation. Epic should also conduct reasonableness tests on its methodologies and projections when significant deviations are identified to ensure the results are accurate.
Corrective Action(s) Taken: **Completed.** Epic indicated that it is no longer utilizing student enrollment projections for hiring decisions. Hiring decisions will be based on historical data and actual enrollment.

10. **Failure to Adjust Staffing Plans as Conditions Changed**
Risk Rating: High
Finding: Epic over hired its staff levels for fiscal year 2025. Epic did not timely adjust its staffing levels when actual student enrollment differed significantly from projections.
Effect: Personnel costs may be unsustainable and place increased financial strain on the organization.
Recommendation: Epic should strengthen forecasting and workforce planning processes by periodically reassessing staffing and enrollment assumptions and comparing projections to actual operational data. This should include implementing regular reviews of hiring plans, establishing triggers for corrective action when projections are not met, and incorporating updated financial and operational information into staffing decisions.
Corrective Action(s) Taken: **Pending**. Epic implemented a reduction-in-force and employment non-renewals, reducing staff to a sustainable level. Epic still needs to implement a documented staffing evaluation process.

11. Student-Teacher Ratio Weight Assessment

Risk Rating: Medium
Finding: Epic adopted a weighted student-teacher ratio for its special education population without proper analysis of the financial ramifications and the corresponding weights.
Effect: The weights may result in a too high or too low student-teacher ratio, and the ratios may be financial unsustainable.
Recommendation: Epic should reassess its weights for the special education student population for reasonableness and financial sustainability.
Corrective Action(s) Taken: **Pending.** Epic is reevaluating its use of the weights in the student-teacher ratios and is currently reviewing the student-teacher ratios based on student population type versus a combined student-teacher ratio.

12. Learning Fund Non-Consumable Items

Risk Rating: Medium
Finding: Non-consumable Learning Fund items were not consistently tracked or recovered. These items are currently being stored without utilization.
Effect: Epic may not have an accurate inventory of its Learning Fund assets. Epic's Learning Fund assets may be obsolete. Epic may continue purchasing the same items when similar, comparable items may exist in its warehouse, leading to waste of funds.
Recommendation: Epic should implement formal, written policies and procedures regarding Learning Fund asset tagging, inventory tracking, recovery and redistribution procedures.
Corrective Action(s) Taken: **Pending.** Epic has a long-term goal to implement a "Learning Fund Library" that will allow for a redistribution of returned non-consumable items.

13. Site Expansion without Sufficient Cost-Benefit Analysis

Risk Rating: Medium
Finding: Epic pursued site expansion initiatives during fiscal year 2025 without clear linkage to verified enrollment growth or demonstrated financial capacity/cost-benefit analysis. Interviews indicated that certain sites were approved despite acknowledgement that they were not optimal operational fits but pursued to meet broader expansion objectives.
Effect: Site expansion undertaken without confirmed demand, operational suitability and/or cost-benefit analysis may increase fixed operating costs, exacerbate existing budget deficits, and reduce financial flexibility during periods of enrollment volatility or revenue uncertainty.
Recommendation: Epic should require documented enrollment support, a sound cost-benefit analysis, and operational suitability assessments, along with formal Board approval, prior to initiating future site expansions or similar long-term commitments.
Corrective Action(s) Taken: **Pending.** Epic significantly reduced expansion efforts in the later part of fiscal year 2025 and did not renew certain sites for fiscal year 2026. Expansion initiatives already in progress were evaluated for anticipated benefits and potential shortfalls, and only a limited number of sites were approved to continue. Epic needs to take further documented policy actions to ensure future expansions are properly vetted and sustainable.

14. Limited Financial Expertise on Epic's Board

Risk Rating: High
Finding: Epic's Board/Audit Committee does not currently include a member with financial or accounting expertise. As a result, the Board/Committee's collective skill set may be limited in its ability to effectively interpret financial statements, evaluate internal controls, and provide informed oversight of Epic's financial management and reporting processes.
Effect: Without a board member possessing relevant financial expertise, the Board may have reduced capacity to identify financial risks, challenge assumptions, and provide effective oversight of budgeting, financial reporting, and internal controls. This may increase the risk that financial issues, control deficiencies, or noncompliance matters are not fully understood or addressed in a timely manner, potentially weakening overall governance and financial stewardship.
Recommendation: Epic should consider recruiting or appointing a board/committee member with financial or accounting expertise, such as experience in accounting, finance, auditing, or financial management. Alternatively, the board may pursue targeted financial training to enhance members' financial literacy.
Corrective Action(s) Taken: **Completed.** Epic has appointed a new member with a background in accounting/auditing to serve on its Audit Committee.

15. Lack of Board Approval Threshold

Risk Rating: High
Finding: Epic's Board has not established a formal policy related to its consent agenda and the consent agenda is largely determined by management. As a result, there is no standardized guidance specifying approval thresholds, contract types, or financial limits that determine when matters must be presented to the Board outside of the consent agenda.
Effect: The absence of a formal approval policy increases the risk that significant contracts or transactions may be executed without appropriate board awareness. This lack of clarity may result in inconsistent approval practices, reduced transparency, and diminished governance oversight.
Recommendation: The Board should develop and formally adopt a policy outlining its policies related to the consent agenda. The policy should clearly define which matters require specific Board approval, which matters may automatically be presented on the consent agenda, and any applicable dollar thresholds or risk considerations.
Corrective Action(s) Taken: **None.**

(report continued on following page)

Conclusion

Based upon the foregoing information, Epic experienced significant budgeting, management, and governance deficiencies during the analysis period. These deficiencies included, but were not necessarily limited to, the absence of formal budgeting policies and procedures, inconsistent application and documentation of budget methodologies, limited Board-level financial oversight, overreliance on projected enrollment data without proper verification, and over hiring.

Epic's budgeting process had limited oversight and minimal internal controls. This limited oversight led to significant budgeting deficiencies that overstated revenue related to Epic's carryover funds and understated expenses particularly in relation to payroll and facility costs. Due in part to these deficiencies, Epic experienced a significant fiscal crisis and decline in its financial position during fiscal year 2025.

Epic management relied heavily on student enrollment projections and informal budgeting practices that were neither consistently documented nor adequately challenged. The combination of overstated carryover assumptions, aggressive hiring, and facility expansion created a structural imbalance between revenues and expenditures. These conditions were compounded by limited transparency to the Board and the absence of an independent internal audit or monitoring function. Epic's Board also provided limited oversight of management in part due to their adopted governance model.

Epic's management appeared to have a reactive posture during this fiscal crisis versus a proactive posture. This included not taking sooner action to address the hiring imbalances that should have been readily apparent to management. While Epic has implemented certain corrective actions during and after fiscal year 2025, additional actions are necessary.

No misappropriation of funds was identified during our analysis. To address the governance weaknesses, lack of management oversight, internal control deficiencies, and financial challenges, CRI recommends that Epic consider implementing the 15 recommendations identified within this report as soon as possible.

Subsequent to the analysis period, Epic has completed implementing the necessary changes to resolve 4 of these findings and is in the process of implementing the necessary changes to resolve an additional 8 findings. As such, there are 3 unresolved findings related to Board and budget approvals that Epic will need to address to help stabilize its financial performance and help prevent similar issues from reoccurring. Prompt and sustained implementation of these recommendations is essential to strengthening oversight, improving financial discipline, mitigating future risk, and supporting Epic's long-term financial stability.

Supplementary Information

Appendix A: Expert Qualifications

Ben Kincaid, CPA, CFE, CFF, CVA
Partner

CRI ADVISORS, LLC
500 Grand Boulevard, Suite 210
Miramar Beach, FL
BKincaid@CRIadv.com
850.837.3141 | Direct

Professional Experience

Known for his data analytics and translating the data into defensible, investigative results, Ben Kincaid has over 13 years of experience in providing forensic accounting, litigation support and business valuation services across the United States. These services have included investigating employee malfeasance, hidden asset schemes, breach of contract claims, business interruption losses, economic damages, due diligence and valuation disputes. Ben has provided these services to a wide range of clients and industries; such as state, county and local governments as well as private companies, non-profit organizations and publicly traded companies.

Ben speaks regularly on the topics of fraud prevention and detection and business valuations. Ben has worked with various law firms and law enforcement on civil and criminal matters and presented findings to various law enforcement agencies including the FBI, DOJ, FDLE and GBI. Ben also provides expert witness services and has qualified as an expert witness in various state courts. Ben is a graduate from Pensacola Christian College with a Bachelor of Science Degree in Business with a double concentration in Accounting and Finance. Ben currently serves on the AICPA Forensic and Litigation Committee and other AICPA task forces.

Education, Licenses & Certifications

- BS, Business, Pensacola Christian College
- Certified Public Accountant (CPA) - Indiana and Florida
- Certified Fraud Examiner (CFE)
- Certified Valuation Analyst (CVA)
- Certified in Financial Forensics (CFF)

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Association of Certified Fraud Examiners (ACFE)
- National Association of Certified Valuators and Analysts (NACVA)

Professional Committees/Achievements

- 2021 AICPA Forensic and Valuation Services Standing Ovation
- AICPA Forensic and Litigation Services Committee Member
- Florida Institute of Certified Public Accountants - Former Valuation, Forensic Accounting and Litigation Committee Member

Rob Broline, CPA, CCA
Partner

CARR, RIGGS & INGRAM, L.L.C.
7506 Lynx Way, Suite 201
Melbourne, FL
RBroline@CRIadv.com
321.426.3026 | Direct

Professional Experience

Rob has over 25 years of proven skills and experience in public accounting and focuses on governmental organizations including public schools. Rob will serve as the lead partner for the internal control attestation on this engagement as well as the engagement partner. Rob specializes in entity-wide risk assessments, process risk / controls testing and assessments, internal audits, operational audits, construction cost audits and forensic investigations.

Rob serves as the engagement and/or quality control partner for a wide variety of public school system audits throughout the country. These public school systems include some of the largest school districts in the nation. Rob has also conducted forensic investigations related to these public school systems.

Education, Licenses & Certifications

- BA, Accounting, Cedarville University
- Certified Public Accountant (CPA) - Florida
- Certified Construction Auditor (CCA)

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- Florida Institute of Certified Public Accountants (FICPA)
- National Association of Construction Auditors (NACA)
- Florida Government Finance Officers Association Conference (FGFOA), Speaker
- Government Finance Officers Association National Conference (GFOA), Speaker
- Florida Association of School Business Officials Conference (FASBO), Speaker

Professional Committees/Achievements

- New Life Mission (Nonprofit Organization), Board of Directors, Treasurer,
- Leadership Brevard, Class of 2019

Appendix B: Source Documentation

We obtained and relied upon the following documentation during our investigation:

- Epic Contracting and Purchasing Policy;
- Epic Purchasing Card Policy;
- Epic Travel and Expense Reimbursement Policy;
- Epic Management and Accounting of Funds Policy;
- Epic Minutes Policy;
- Epic Whistleblower Policy;
- Epic Board Meeting Agendas and Meeting Minutes for fiscal years 2024 and 2025;
- Epic Board Meeting Video Recordings for fiscal years 2024 and 2025;
- Epic Financial Statements audited by Arledge & Associates, PC for the fiscal years ending June 30, 2023 and 2024;
- Epic Internal Financial Statements prepared by management;
- Epic Available Finance Dashboard Slide Decks for the fiscal year ending June 30, 2025;
- Epic Charts of Accounts;
- Epic Trial Balance Reports for the fiscal years ending June 30, 2024 through 2025;
- Epic Budgets (including amendments) for the fiscal years 2024 and 2025;
- Epic General Ledger and Revenue and Expense Detail reports for the fiscal years ending June 30, 2024 through 2025;
- Epic General Ledger and Revenue and Expense Detail reports for the month ending July 31, 2025;
- Epic Bank Statements and Cancelled Check Images for April 1, 2024 through July 31, 2025;
- Epic Purchasing Card Statements for March 12, 2024 through July 10, 2025;
- Epic Bank Reconciliations for the fiscal year 2024;
- Epic Bank Reconciliations for April 2024 through June 2024 and July 2025;
- Epic Employee Rosters and Payroll Reports for the fiscal year 2025 and July 2025;
- Epic Employee Agreements as Amended for Bart Banfield for fiscal year 2025;
- Epic Employee Agreements as Amended for Jeanise Wynn for fiscal year 2025;
- Epic Available Enrollment Count Data for July 1, 2022 through July 31, 2025;
- Epic Available Staff Count Data for July 1, 2022 through July 31, 2025;
- Epic Available Model Cost Analyses for the fiscal year ending June 30, 2025;
- Epic State Aid Calculations for the fiscal year ending June 30, 2025;
- Epic Selected Vendor Summary Documentation for the fiscal year ending June 30, 2025;
- Epic Amazon Purchasing Order Data for fiscal year July 2024 through July 2025;
- Epic Selected Purchasing Order Documentation for the fiscal year ending June 30, 2025;
- Available Correspondence for July 1, 2024 through July 31, 2025 for Jeanise Wynn; and,
- Available Correspondence for July 1, 2024 through July 31, 2025 for Bart Banfield.