

**Cape Romain Environmental
Education Charter School**
(A Component Unit of the South Carolina
Public Charter School District)

McClellanville, South Carolina

ANNUAL FINANCIAL REPORT
June 30, 2023

(With Independent Auditors' Report Thereon)

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2023**

FINANCIAL SECTION

	<u>Page(s)</u>
Independent Auditors’ Report on Financial Statements.....	1-2
Management’s Discussion and Analysis.....	3-8

FINANCIAL STATEMENTS

Exhibit

Government-Wide Financial Statements

A	Statement of Net Position.....	9
B	Statement of Activities.....	10

Fund Financial Statements

C	Balance Sheet - Governmental Funds.....	11
D	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
E	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	13
F	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14

Notes to the Financial Statements.....	15-24
---	--------------

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2023**

FINANCIAL SECTION, Continued

REQUIRED SUPPLEMENTARY INFORMATION

<u>Schedule</u>	<u>Page(s)</u>
1 General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	25-29

OTHER SUPPLEMENTARY INFORMATION

2 Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	30-33
3 Special Revenue Fund - Schedule of Program Classifications	34
4 Special Revenue Fund - Summary Schedule for Designated State Restricted Grants.....	35
5 Education Improvement Act - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs.....	36-37
6 Education Improvement Act - Summary Schedule by Program.....	38
7 Schedule of Due to State Department of Education/Federal Government.....	39

COMPLIANCE SECTION

8 Schedule of Findings and Responses.....	40
9 Schedule of Prior Year Findings.....	41
Independent Auditors' Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	42



MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
Cape Romain Environmental Education Charter School
McClellanville, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Cape Romain Environmental Education Charter School ("the School"), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School at June 30, 2023, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cape Romain Environmental Education Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of Cape Romain Environmental Education Charter School. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

This discussion and analysis of Cape Romain Environmental Education Charter School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,372,646 (net position). Of this amount, however, \$787,708 is invested in capital assets (net of debt). Therefore, the School reported an unrestricted net position of \$584,938.

The School's net position increased by \$215,727 during the current fiscal year, as compared to an increase of \$22,468 in the previous fiscal year.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$444,643, compared to a fund balance of \$354,524 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$817,960.

The School made its scheduled lease payments during the year.

During the 2023 fiscal year, the School's governmental fund-type revenues were \$2,437,724. The School reported governmental fund-type revenues of \$2,333,114 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$2,347,605.

Overall

The 135-day student count increased by 5, from 168 students in the prior year to 173 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to the School's financial statements. The School's financial statements consist of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the financial statements, this report contains Required Supplementary Information that will enhance the reader's understanding of the financial condition of the School.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of the School's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

The Government-Wide Financial Statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). However, all activities of the School are governmental activities, which include instruction, supporting services, and debt service.

Fund Financial Statements

The remaining financial statements are Fund Financial Statements which focus on individual parts of the School, reporting the School's operations in more detail than the Government-Wide Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School are Governmental Funds.

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on near-term uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and the Special Revenue Funds. The Governmental Funds Financial Statements can be found at Exhibits C, D, E, and F of this report.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found following Exhibit F of this report.

Other Information

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for this fund to demonstrate compliance with its budget.

**Major Features of Cape Romain Environmental Education Charter School
Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements
		<i>Government Funds Only</i>
Scope	Entire school unit	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets were greater than liabilities by \$1,372,646 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2023 compared to 2022:

Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 665,211	\$ 560,688
Capital assets	817,960	815,751
Total assets	1,483,171	1,376,439
Liabilities		
Long-term liabilities	30,252	13,356
Other liabilities	80,273	206,164
Total liabilities	110,525	219,520
Net Position		
Net investment in capital assets	787,708	802,395
Unrestricted net position	584,938	354,524
Total net position	\$ 1,372,646	\$ 1,156,919

During the current fiscal year, net position of the School's governmental activities increased by \$215,727. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$354,524 at June 30, 2022, to \$584,938 at June 30, 2023.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The following table shows the changes in net position for fiscal year 2023 compared to 2022:

Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Operating grants	\$ 2,116,378	\$ 2,018,716
Charges for services	2,396	1,270
General revenue:		
Other revenue	459,244	313,127
Total revenues	2,578,018	2,333,113
Program Expenses		
Instruction	1,327,237	1,260,389
Support services	1,033,924	1,048,678
Interest	1,130	1,578
Total expenses	2,362,291	2,310,645
Increase in net position	\$ 215,727	\$ 22,468

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2023, the School's Governmental Funds reported combined fund balances of \$444,643 as compared to \$354,524 for the prior year. This \$90,119 increase in General Fund fund balance was caused by increased funding due to enrollment increases, coupled with careful attention to cost controls.

The Special Revenue Funds consist of various federal, state, and local funds, and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The funds that were received during the year were expended during the current fiscal year; therefore, there was no fund balance at the end of the previous or current year.

General Fund Budgetary Highlights

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2023, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the School had \$817,960 net investment in capital assets. The year-end total of capital assets was \$1,150,997, with a total accumulated depreciation of \$333,037. The depreciation expense taken during the year was \$78,211, and capital asset additions were \$46,318. The School recognized a Right of Use Asset of \$34,104 for leased equipment and is amortizing this asset over the remaining term of the lease.

The following table shows fiscal 2023 balances compared to 2022:

	Capital Assets	
	(Net of Depreciation)	
	Governmental Activities	
	2023	2022
Leasehold improvements	\$ 519,506	\$ 481,008
Furniture and equipment	975	2,038
Technology equipment	10,425	2,759
Mobile units	192,647	213,171
Building improvements	64,634	74,025
Right of use assets - equipment	29,773	-
Construction in progress	-	42,750
	<hr/>	<hr/>
Totals	\$ 817,960	\$ 815,751

Long-term Debt

At fiscal year-end, the School had \$30,252 in long-term debt payable versus \$13,356 in the prior year. The School made its scheduled debt payments. The School recognized a lease liability of \$34,104 for its copier lease and will make monthly payments on the lease over five years.

Economic Factors

The following key economic indicators reflect the operations of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its Education Finance Act (“EFA”) funding.

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 1011 Old Cemetery Road, McClellanville, South Carolina 29458.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 502,524
Due from other governmental units	158,138
Prepaid expenses	4,549
Capital assets	1,150,996
Less accumulated depreciation and amortization	<u>(333,036)</u>
Total capital assets, net of depreciation and amortization	<u>817,960</u>
Total assets	<u>1,483,171</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	58,160
Due to other governmental units	2,248
Revenue collected in advance	19,865
Long-term liabilities:	
Due within one year	6,023
Due in more than one year	<u>24,229</u>
Total liabilities	<u>110,525</u>
<u>NET POSITION</u>	
Net investment in capital assets	787,708
Unrestricted net position	<u>584,938</u>
Total net position	<u>\$ 1,372,646</u>

The notes to the financial statements are an integral part of this statement.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 1,327,237	\$ -	\$ 1,189,073	\$ (138,164)
Support services	1,033,924	-	926,293	(107,631)
Interest and other charges	1,130	2,396	1,012	2,278
Total governmental activities	<u>2,362,291</u>	<u>2,396</u>	<u>2,116,378</u>	<u>(243,517)</u>
Total	<u>\$ 2,362,291</u>	<u>\$ 2,396</u>	<u>\$ 2,116,378</u>	<u>(243,517)</u>
General revenues:				
				88,833
				370,263
				148
				459,244
				215,727
				1,156,919
				\$ 1,372,646

The notes to the financial statements are an integral part of this statement.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 502,524	\$ -	\$ -	\$ 502,524
Due from other governmental units	-	17,842	-	17,842
Due from other funds	8,741	-	13,012	21,753
Prepaid expenses	4,549	-	-	4,549
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>515,814</u>	\$ <u>17,842</u>	\$ <u>13,012</u>	\$ <u>546,668</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 58,159	\$ -	\$ -	\$ 58,159
Due to State	-	-	2,248	2,248
Due to other funds	13,012	8,741	-	21,753
Unearned revenue	-	9,101	10,764	19,865
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>71,171</u>	<u>17,842</u>	<u>13,012</u>	<u>102,025</u>
Fund balances:				
Nonspendable	4,549	-	-	4,549
Unassigned	440,094	-	-	440,094
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>444,643</u>	<u>-0-</u>	<u>-0-</u>	<u>444,643</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>515,814</u>	\$ <u>17,842</u>	\$ <u>13,012</u>	\$ <u>546,668</u>

The notes to the financial statements are an integral part of this statement.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023**

Total fund balance - Governmental Funds	\$	444,643
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is \$1,150,996, and the accumulated depreciation is \$333,036.		817,960
Certain amounts receivable from the federal government will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are reflected as unavailable in Governmental Funds.		140,295
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(30,252)</u>
Net position of governmental activities	\$	<u><u>1,372,646</u></u>

The notes to the financial statements are an integral part of this statement.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 321,345	\$ -	\$ -	\$ 321,345
State	1,524,921	60,526	352,652	1,938,099
Federal	-	178,280	-	178,280
Intergovernmental	-	-	-	-
	<u>1,846,266</u>	<u>238,806</u>	<u>352,652</u>	<u>2,437,724</u>
EXPENDITURES				
Current:				
Instruction	931,233	75,634	314,459	1,321,326
Support services	759,829	163,172	38,193	961,194
Community services	430	-	-	430
Intergovernmental	-	-	-	-
Debt service:				
Principal	17,207	-	-	17,207
Interest	1,130	-	-	1,130
Capital outlay	46,318	-	-	46,318
	<u>1,756,147</u>	<u>238,806</u>	<u>352,652</u>	<u>2,347,605</u>
Excess of revenues over expenditures	<u>90,119</u>	<u>-</u>	<u>-</u>	<u>90,119</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	90,119	-0-	-0-	90,119
FUND BALANCE, July 1, 2022	<u>354,524</u>	<u>-0-</u>	<u>-0-</u>	<u>354,524</u>
FUND BALANCE, June 30, 2023	<u>\$ 444,643</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 444,643</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023**

Total net changes in fund balance - Governmental Funds	\$	90,119
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$78,212) exceeds capital outlays (\$46,318) in the period.</p>		(31,894)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds. This amount represents the change in unavailable revenues for the year.</p>		140,295
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		<u>17,207</u>
Change in net position of governmental activities	\$	<u><u>215,727</u></u>

The notes to the financial statements are an integral part of this statement.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cape Romain Environmental Education Charter School (“the School”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Cape Romain Environmental Education Charter School was created in 2012 through a charter granted by the South Carolina Public Charter School District (“the District”) and began operations in 2013.

The School’s mission is to create a small and diverse collaborative learning community that immerses students in critical thinking, environmental stewardship, and engaged citizenship through meaningful and innovative learning experiences.

A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Charter schools may charge for selected additional costs consistent with those permitted by school districts. Because charter schools receive local, state, and federal funds, they may not charge tuition.

The School is considered a component unit of the South Carolina Public Charter School District. A component unit, although a legally separate entity, is, in substance, part of the District's operations. The School has no component units for which it is considered to be financially accountable. The School is located in Charleston County and enrolled 175 students in kindergarten through eighth grade in the current year.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on the School as a whole, except for fiduciary funds, if any. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between Governmental and Business-type Activities of the School.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges paid by the recipient of goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements report detailed information about the School. The focus of Governmental Financial Statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major Governmental Funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.

The School did not have any non-major funds as of June 30, 2023.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Fund Balance

1) Deposits and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The School has not formally adopted a deposit and investment policy.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

1) Deposits and Investments, Continued

The School is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

- 1) Obligations of the United States and agencies thereof;
- 2) General obligations of the State of South Carolina or any of its political units;
- 3) Banks and savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (“FDIC”);
- 4) Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest;
- 5) The State Treasurer’s Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws); and
- 6) Repurchase agreements.

2) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

3) Receivables and Payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On Fund Financial Statements, these receivables and payables are classified as accounts receivable, due from other governmental units, accounts payable or “due from other funds” or “due to other funds.” The transactions between funds are eliminated in the Governmental Activities column of the Statement of Net Position.

4) Capital Assets

Capital assets include equipment, furniture, technology, vehicles, and leasehold improvements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	39
Furniture, fixtures, and equipment	3 - 5
Leasehold improvements	Life of Lease

5) Long-term Obligations

In the Government-Wide Financial Statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. In the Fund Financial Statements, governmental fund-types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

6) Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

7) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Next, any remaining fund balance amounts for the non-general funds are determined. Committed fund balance amounts are established by the School's Board through motions passed at the School's Board meetings. Assigned fund balance amounts are established by the School's administration. The School has no assigned fund balance amounts.

Nonspendable Fund Balance - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the School's Board.

Assigned Fund Balance - includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are established by the School's administration.

Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

8) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

9) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The School believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Fund Balance, Continued

10) Use of Estimates

The preparation of the financial statements in conformity with GAAP as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all Governmental Funds are adopted on the modified accrual basis for accounting, which is consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end, and the School does not employ encumbrance accounting.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without the approval of the School's Board. The legal level of control is at the fund level. During the year, the School revised the budget. The administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by the administration.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2023, the School's bank balance was \$499,524, of which \$74,723 exceeded the insurance limits. These funds were fully collateralized. The School had no investments at June 30, 2023. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

B. Due From/Due To Other Funds

Interfund balances at June 30, 2023, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 8,741	\$ 13,012
Special Projects Fund	-	8,741
Education Improvement Act Fund	<u>13,012</u>	<u>-</u>
	<u>\$ 21,753</u>	<u>\$ 21,753</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Due From/Due To Other Funds, continued

The General Fund payable is a result of the General Fund owing funds to the EIA Fund for amounts received for state claims on behalf of this fund, and the General Fund receivable is the result of the Special Revenue Fund owing the General Fund for amounts expended on its behalf.

During the course of normal operations, the School may make transfers between funds to provide services. These transactions are generally reflected as transfers. There were no such transfers from and to other funds for the year ended June 30, 2023.

C. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 42,750	\$ -	\$ (42,750)	\$ -
Capital assets being depreciated:				
Building	307,864	-	-	307,864
Furniture, fixtures and equipment	21,971	-	-	21,971
Technology	13,793	11,258	-	25,051
Improvements	133,993	-	-	133,993
Leasehold improvements	550,204	77,809	-	628,013
Total capital assets being depreciated	<u>1,027,825</u>	<u>89,067</u>	<u>-0-</u>	<u>1,116,892</u>
Less accumulated depreciation for:				
Building	94,693	20,524	-	115,217
Furniture, fixtures and equipment	19,933	1,063	-	20,996
Technology	11,033	3,593	-	14,626
Improvements	59,968	9,391	-	69,359
Leasehold improvements	69,197	39,310	-	108,507
Total accumulated depreciation	<u>254,824</u>	<u>73,881</u>	<u>-0-</u>	<u>328,705</u>
Total capital assets being depreciated, net	<u>773,001</u>	<u>15,186</u>	<u>-0-</u>	<u>788,187</u>
Lease assets being amortized:				
Right of Use Asset - Equipment	-	34,104	-	34,104
Less accumulated amortization for:				
Right of Use Asset - Equipment	-	4,331	-	4,331
Total lease assets being amortized, net	<u>-0-</u>	<u>29,773</u>	<u>-0-</u>	<u>29,773</u>
Governmental activities capital assets, net	<u>\$ 815,751</u>	<u>\$ 44,959</u>	<u>\$ -0-</u>	<u>\$ 817,960</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Capital Assets, continued

Depreciation expense of \$5,910 is charged to instruction and \$72,301 to support services.

As discussed at Note III. E., the School has adopted GASB Statement 87 *Leases*. As a result, the School recognized an intangible Right of Use Asset - Equipment in the amount of \$34,104. This asset is being amortized over the remaining term of the related equipment lease.

D. Long-Term Obligations

Notes Payable

The School entered into a note payable agreement for \$180,000 in 2017. The note payable bears interest at 4.50%, is due in monthly payments of \$3,361, and matured in October 2022. The loan has a \$-0- balance as of June 30, 2023.

Lease Obligation

As discussed at Note III. E., the School has adopted GASB Statement #87 *Leases*. As a result, the School recognized a lease liability relating to its equipment lease in the amount of \$34,104. This lease liability is due in monthly payments of \$616.60 through January 2028.

Maturities of the lease liability outstanding at June 30, 2023, are as follows:

<u>Year Ending June 30</u>	<u>Note Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 6,023	\$ 1,376	\$ 7,399
2025	6,332	1,067	7,399
2026	6,656	743	7,399
2027	6,996	403	7,399
2028	4,245	72	4,317
	<u>\$ 30,252</u>	<u>\$ 3,661</u>	<u>\$ 33,913</u>

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
Notes payable	\$ 13,356	\$ -	\$ (13,356)	\$ -	\$ -
Lease obligations	-	34,104	(3,852)	30,252	6,023
Total	<u>\$ 13,356</u>	<u>\$ 34,104</u>	<u>\$ (17,208)</u>	<u>\$ 30,252</u>	<u>\$ 6,023</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

E. Lease Obligations

The School has entered into a lease agreement for a copier. The lease is a five-year agreement requiring monthly payments of \$616.60. The School has adopted GASB Statement #87 *Leases*. Under this standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset. The School analyzed its lease and recognized a Right of Use Asset - Equipment in the amount of \$34,104. This asset is being amortized over the remaining term of the related lease. The School also recognized a lease liability in the amount of \$34,104.

IV. OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains a \$1,000,000 per occurrence general liability policy and a \$2,000,000 per occurrence errors and omissions policy with a commercial carrier.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

B. Commitments and Contingencies

The School participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures that may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the School's management believes such disallowances, if any, would be immaterial.

The School may be party to various legal proceedings incidental to its operation. Certain claims, suits and complaints arising in the ordinary course of business may be filed or are pending. In the opinion of management, all such matters are adequately covered by insurance or, if not so covered, are without merit, or involve such amounts as would not have a significant effect on the financial position of the School if disposed of unfavorably.

C. Employee Retirement Plan

The School maintains a 403(b) Plan ("the Plan") with National Benefit Services. Employees contribute through payroll deductions to the Plan, and the School matches a percentage of the employee's contributions. These provisions were established by the Board. The School contributed \$33,789 to the Plan for the year ended June 30, 2023.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

IV. OTHER INFORMATION, Continued

D. Other Matter

In December 2019, an outbreak of novel coronavirus (“COVID-19”) originated in China and spread to other countries, including the U.S. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) which introduced aid to affected organizations. Follow-up legislation to the CARES Act provides funding to state schools and other entities for COVID-19 related expenditures. The School determined its eligibility for funding under various programs, applied for, and received additional funding through several programs, including ESSER II, ESSER III and GEER Fund.

The CARES Act included the Employee Retention Credit (“ERC”) program, created to encourage employers to keep their employees on the payroll during the period affected by the coronavirus pandemic. The ERC allowed eligible entities a refundable tax credit against the employer portion of social security taxes paid equal to 70% of qualified wages for each employee, with such wages limited to \$10,000 per employee for each quarter. Employers that experienced fully or partially suspended operations during any calendar quarter due to orders from an appropriate governmental authority due to COVID-19 were eligible for the credit. The School determined its eligibility for the ERC and submitted its application for a credit of \$140,295 during the fiscal year ended June 30, 2023. The School concluded it has met the donor-imposed conditions and, therefore, recognized grant income during the year ended June 30, 2023, and a grant receivable as of June 30, 2023.

E. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through August 28, 2023, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2023.

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ -	\$ 148	\$ 148
1700 Pupil activities			
1740 Student fees	8,000	2,396	(5,604)
1790 Other pupil activity income	90,000	85,152	(4,848)
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	154,500	229,968	75,468
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	3,681	3,681
Total local sources	<u>252,500</u>	<u>321,345</u>	<u>68,845</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	1,809,120	1,520,679	(288,441)
3300 State aid to classrooms - Education Finance Act (EFA)			
3392 NBC excess EFA formula	-	4,242	4,242
Total state sources	<u>1,809,120</u>	<u>1,524,921</u>	<u>(284,199)</u>
Total revenues all sources	<u>2,061,620</u>	<u>1,846,266</u>	<u>(215,354)</u>

EXPENDITURES

100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	87,967	75,774	12,193
200 Employee benefits	30,387	31,766	(1,379)
400 Supplies and materials	-	462	(462)

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
112 Primary programs			
100 Salaries	\$ 287,932	\$ 248,023	\$ 39,909
200 Employee benefits	77,231	80,736	(3,505)
400 Supplies and materials	30,000	23,224	6,776
113 Elementary programs			
100 Salaries	93,078	80,177	12,901
200 Employee benefits	81,975	85,695	(3,720)
300 Purchased services	20,000	8,590	11,410
400 Supplies and materials	74,675	24,859	49,816
500 Capital outlay	-	11,259	(11,259)
120 Exceptional programs			
126 Speech handicapped			
100 Salaries	17,414	15,000	2,414
200 Employee benefits	1,207	1,262	(55)
127 Learning disabilities			
100 Salaries	79,843	68,776	11,067
200 Employee benefits	13,118	13,713	(595)
400 Supplies and materials	1,500	2,989	(1,489)
129 Coordinated Early Intervening Services (CEIS)			
100 Salaries	76,221	65,656	10,565
200 Employee benefits	7,361	7,695	(334)
130 Preschool programs			
139 Early childhood programs			
100 Salaries	35,302	30,409	4,893
200 Employee benefits	33,494	35,014	(1,520)
190 Instructional pupil activity			
300 Purchased services	1,000	1,400	(400)
400 Supplies and materials	1,000	1,165	(165)
600 Other objects	27,123	28,848	(1,725)
Total instruction	<u>1,077,826</u>	<u>942,492</u>	<u>135,334</u>

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	\$ 32,811	\$ 21,495	\$ 11,316
200 Employee benefits	16,180	14,230	1,950
213 Health services			
200 Employee benefits	15,795	13,891	1,904
400 Supplies and materials	-	286	(286)
214 Psychological services			
200 Employee benefits	-	115	(115)
300 Purchased services	-	18,569	(18,569)
215 Exceptional program services			
100 Salaries	15,265	10,000	5,265
200 Employee benefits	870	765	105
220 Instructional staff services			
223 Supervision of special programs			
100 Salaries	68,929	45,156	23,773
200 Employee benefits	14,890	13,095	1,795
224 Improvement of instruction inserv and staff training			
300 Purchased services	-	3,241	(3,241)
230 General administrative services			
231 Board of education			
300 Purchased services	2,500	1,072	1,428
318 Audit services	7,280	7,500	(220)
600 Other objects	21,800	19,851	1,949
233 School administration			
100 Salaries	230,405	150,940	79,465
200 Employee benefits	44,665	39,282	5,383
300 Purchased services	2,100	2,414	(314)
400 Supplies and materials	94,000	101,304	(7,304)

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	\$ 72,182	\$ 95,238	\$ (23,056)
600 Other objects	-	195	(195)
253 Facilities acquisition and construction			
500 Capital outlay	-	4,654	(4,654)
530 Building improvements	-	30,405	(30,405)
254 Operation and maintenance of plant			
100 Salaries	23,686	15,517	8,169
200 Employee benefits	1,350	1,187	163
300 Purchased services	123,226	46,134	77,092
321 Public util (excl gas, oil, elect & oth heating fuels)	28,000	25,323	2,677
400 Supplies and materials	8,500	9,346	(846)
470 Energy (incl gas, oil, elect & oth heating fuels)	20,000	18,602	1,398
258 Security			
300 Purchased services	-	8,008	(8,008)
260 Central support services			
263 Information services			
300 Purchased services	-	1,077	(1,077)
266 Technology and data processing services			
300 Purchased services	15,000	14,479	521
270 Support services - pupil activity			
271 Pupil service activities			
300 Purchased services	-	17,107	(17,107)
400 Supplies and materials	60,000	44,240	15,760
660 Pupil activity	5,000	170	4,830
Total support services	<u>924,433</u>	<u>794,888</u>	<u>129,545</u>

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
300 Community services			
390 Other community services			
600 Other objects	\$ -	\$ 430	\$ (430)
Total community services	<u>-</u>	<u>430</u>	<u>(430)</u>
500 Debt services			
610 Redemption of principal	13,444	17,207	(3,763)
620 Interest	<u>3,300</u>	<u>1,130</u>	<u>2,170</u>
Total debt services	<u>16,744</u>	<u>18,337</u>	<u>(1,593)</u>
Total expenditures	<u>2,019,003</u>	<u>1,756,147</u>	<u>262,856</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 42,617</u>	90,119	<u>\$ 47,502</u>
FUND BALANCE, July 1, 2022		<u>354,524</u>	
FUND BALANCE, June 30, 2023		<u>\$ 444,643</u>	

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Total</u>
REVENUES								
3000 Revenue from state sources								
3100 Restricted state funding								
3120 General education								
3127 Student health/fitness-PE teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,822	\$ -	\$ 1,822
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	45,061	-	45,061
3136 Student health/fitness - nurses	-	-	-	-	-	8,843	-	8,843
3187 Teacher supplies (no carryover)	-	-	-	-	-	4,800	-	4,800
Total state sources	-	-	-	-	-	60,526	-	60,526
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	1,158	1,158
4351 Supporting effective instruction	-	-	-	-	-	-	16,185	16,185
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	28,089	-	-	-	-	-	28,089
4900 Other federal sources								
4974 ESSER III	-	-	-	-	-	-	101,692	101,692
4977 ESSER II	-	-	-	-	-	-	27,727	27,727

* See Schedule 3 for a listing of LEA subfund codes for each program

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	<u>Title I (BA Projects) (201/202)</u>	<u>IDEA (CA Projects) (203/204)</u>	<u>Preschool Handicapped (CG Projects) (205/206)</u>	<u>CATE (VA Projects) (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
4990 Other federal revenue								
4999 Revenue from other federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,429	\$ 3,429
Total federal sources	-	28,089	-	-	-	-	150,191	178,280
Total revenues all sources	-	28,089	-	-	-	60,526	150,191	238,806

EXPENDITURES

100 Instruction								
110 General instruction								
111 Kindergarten programs								
100 Salaries	-	-	-	-	-	1,823	-	1,823
112 Primary programs								
100 Salaries	-	-	-	-	-	-	(411)	(411)
400 Supplies and materials	-	-	-	-	-	-	1,025	1,025
113 Elementary programs								
400 Supplies and materials	-	-	-	-	-	4,800	4,632	9,432
120 Exceptional programs								
127 Learning disabilities								
100 Salaries	-	28,089	-	-	-	-	23,498	51,587
300 Purchased services	-	-	-	-	-	-	12,108	12,108

* See Schedule 3 for a listing of LEA subfund codes for each program

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
180 Adult/continuing education programs								
188 Parenting/family literacy								
400 Supplies and materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 70
Total instruction	-	28,089	-	-	-	6,623	40,922	75,634
200 Support services								
210 Pupil services								
213 Health services								
100 Salaries	-	-	-	-	-	8,843	16,573	25,416
200 Employee benefits	-	-	-	-	-	-	230	230
214 Psychological services								
300 Purchased services	-	-	-	-	-	-	23,095	23,095
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	-	-	-	-	-	33,799	21,118	54,917
200 Employee benefits	-	-	-	-	-	11,261	11,905	23,166
400 Supplies and materials	-	-	-	-	-	-	63	63
224 Improvement of instruction inserv and staff training								
300 Purchased services	-	-	-	-	-	-	16,185	16,185

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
250 Finance and operations services								
254 Operation and maintenance of plant								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,100	\$ 20,100
Total support services	-	-	-	-	-	53,903	109,269	163,172
Total expenditures	-	28,089	-	-	-	60,526	150,191	238,806
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
420-710 Transfer to Gen Fund (excludes IC)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2022	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2023	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2023**

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
937	Student health/fitness-PE teachers	\$ 1,822	3127
935	Reading coaches	45,061	3135
936	Student health/fitness - nurses	8,843	3136
917	Teacher supplies (no carryover)	<u>4,800</u>	3187
		<u>\$ 60,526</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
264	Lang instr ltd english prof/immig, Title III	\$ 1,158	4341
267	Supporting effective instruction	16,185	4351
218	ESSER III	101,692	4974
225	ESSER II	27,727	4977
809 / 815	GEER Fund	<u>3,429</u>	4999
		<u>\$ 150,191</u>	

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2023**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
937	3127	Student health/fitness-PE teachers	\$ 1,822	\$ 1,822	\$ -	\$ -	\$ -
935	3135	Reading coaches	45,061	45,061	-	-	9,101
936	3136	Student health/fitness - nurses	8,843	8,843	-	-	-
917	3187	Teacher supplies (no carryover)	4,800	4,800	-	-	-
			<u>\$ 60,526</u>	<u>\$ 60,526</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,101</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2023**

REVENUES

3000 Revenue from state sources		
3500 Education improvement act		
3503 State aid to classrooms	\$	263,176
3535 Reading coaches		15,415
3536 Student health & fitness		51,284
3583 Charter school payments		22,549
3595 EEDA - supplies and materials		<u>228</u>
Total state sources		<u>352,652</u>
Total revenues all sources		<u>352,652</u>

EXPENDITURES

100 Instruction		
110 General instruction		
113 Elementary programs		
100 Salaries		263,176
130 Preschool programs		
139 Early childhood programs		
100 Salaries		46,083
400 Supplies and materials		<u>5,200</u>
Total instruction		<u>314,459</u>
200 Support services		
210 Pupil services		
213 Health services		
100 Salaries		19,562
200 Employee benefits		2,988
220 Instructional staff services		
221 Improvement of instruction curriculum development		
100 Salaries		15,415

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2023**

270 Support services - pupil activity	
271 Pupil service activities	
660 Pupil activity	\$ <u>228</u>
Total support services	<u>38,193</u>
Total expenditures	<u>352,652</u>
 OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	<u>-</u>
Total other financing sources (uses)	<u>-</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	
	<u>-0-</u>
FUND BALANCE, July 1, 2022	<u>-0-</u>
FUND BALANCE, June 30, 2023	<u><u>\$ -0-</u></u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
 MCCLELLANVILLE, SOUTH CAROLINA
 Education Improvement Act
 Summary Schedule by Program
 For Year Ended June 30, 2023**

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3503 State aid to classrooms	\$ 263,176	\$ 263,176	\$ -	\$ -	\$ -
3518 Adoption list of formative assessment	-	-	-	-	749
3526 Refurbishment of science kits	-	-	-	-	9,037
3535 Reading coaches	15,415	15,415	-	-	-
3536 Student health & fitness	51,284	51,284	-	-	-
3557 Summer reading program	-	-	-	-	978
3583 Charter school payments	22,549	22,549	-	-	-
3595 EEDA - supplies and materials	228	228	-	-	-
TOTALS	<u>\$ 352,652</u>	<u>\$ 352,652</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,764</u>

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2023**

<u>Program</u>	<u>Grant/Proj Number and FY</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDOE/Federal Government</u>	<u>Status of Amounts Due to Grantors</u>
Science Kit			Unexpended		Unpaid as of
Refurbish	FY22	3526/326	funds	\$ 1,498.79	8/28/23
Summer			Unexpended		Unpaid as of
Reading	FY22	3557/357	funds	<u>749.50</u>	8/28/23
				<u>\$ 2,248.29</u>	

CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant weakness(es) identified that are not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Section II - Financial Statement/Compliance

None.

**CAPE ROMAIN ENVIRONMENTAL EDUCATION CHARTER SCHOOL
MCCLELLANVILLE, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2023**

Section I - Financial Statement/Compliance Findings

None.

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

Board of Directors
Cape Romain Environmental Education Charter School
McClellanville, South Carolina

We have audited the financial statements of Cape Romain Environmental Education Charter School ("the School") as of and for the year ended June 30, 2023, and have issued our report thereon dated August 28, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Grenville, South Carolina
August 28, 2023