Carolus Online Academy

Report on Financial Statements

For the year ended June 30, 2025

Contents

Independent Auditor's Report

Board of Trustees

Carolus Online Academy

Columbia, South Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Carolus Online Academy (a nonprofit organization), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Carolus Online Academy's basic financial statements as listed in the 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 Carolus Online Academy as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are required to be independent of Carolus Online Academy, 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 opinions.

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 Carolus Online Academy'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.

Auditor's 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 auditor's 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 a 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 Carolus Online Academy'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 Carolus Online Academy'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 Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Carolus Online Academy's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. The 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, the supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2025, on our consideration of Carolus Online Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 Carolus Online Academy's internal control over financial reporting and compliance.

Manley Garvin, LLC

Greenwood, South Carolina

October 14, 2025

Management's Discussion and Analysis

For the year ended June 30, 2025

Introduction

The Management Discussion and Analysis is offered as a requirement of the provisions of Government Accounting Standards Board Statement Number 34 (GASB 34).

Financial Highlights

- General fund revenues accounted for $16,295,188 or 80% of all governmental fund revenue. (Statement of Revenues, Expenditures, and Changes in Fund Balance)
- Current governmental activities assets of $4,353,859 are reported. Total assets, which include the capital assets net of accumulated depreciation and right of use assets, are $4,695,520. (Statement of Net Position)
- The general fund's fund balance of $1,783,145 represents results from the second year of operations. (Statement of Revenues, Expenditures, and Changes in Fund Balance).

Overview of Financial Statements

This annual report consists of a series of financial statements and accompanying notes. These statements are organized so the reader can understand Carolus Online Academy (the “School”) as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the School, presenting both an aggregate view and a longer-term view of our finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School's most significant funds.

Statement of Net Position and Statement of Activities - One of the most important questions asked about the School's finances is, “is the School better or worse off as a result of the year's activities?” The Statement of Net Position and the Statement of Activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. All of the current year's revenues and expenses are taken into consideration, regardless of when cash is received or paid.

These two statements report the School's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the School's health is improving or deteriorating. The reader will need to consider property tax laws, funding issues, student enrollment growth or decline, facility conditions and other economic factors in arriving at their conclusion regarding the overall health of the School.

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required to be established by State or Federal statute, while many other funds are established by the School to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds - Most of the School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide for a short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the School's programs. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Government-wide Financial Analysis

Net position can serve over time as a useful indicator of a government's financial position. The School's unrestricted net position (deficit) was $1,783,145 as of June 30, 2025.

The largest portion of the School's total assets (85%) reflects its cash position.

The following table presents a summary of the School's net position for the fiscal year ended June 30, 2025.

	Governmental Activities 2025
Assets:	
Current assets	$ 4,353,859
Other assets	341,661
Total assets	$ 4,695,520
Liabilities:	
Current liabilities	$ 2,620,104
Non-current liabilities	232,242
Total liabilities	2,852,346
Net position (deficit)	
Net investment in capital assets	60,029
Unrestricted (deficit)	1,783,145
Total net position (deficit)	1,843,174
Total liabilities and net position (deficit)	$ 4,695,520

The 2025 Statement of Activities is presented in the chart below. The chart shows that the primary mission of the School was achieved (classroom instruction). 66% of School resources went directly into classrooms at our school (not including instructional support functions).

	Governmental Activities 2025
Revenues:	
Program revenues:	
Operating grants and contributions	$ 20,358,371
Total revenues	20,358,371
Expenses:	
Instruction	12,270,527
Support services	6,271,765
Total expenses	18,542,292
Increase (decrease) in net position	$ 1,816,079

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

The financial performance of the School as a whole is reflected in its governmental funds. As the School completed the year, its governmental funds reported a combined fund balance of 1,783,145, which is the result of the second year of operations. The administration expects fund balance to increase.

The remaining fund balance is nonspendable which indicates that it is not available for spending because it has already been restricted/committed/assigned as follows:

- Nonspendable - $102,565

The general fund is the principal operating fund of the School and reported an unassigned fund balance of $1,680,580.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School at the following address: 101 Westpark Boulevard Suite C, Columbia, SC 29210.

Statement of Net Position

June 30, 2025

	Governmental Activities	Total
Assets		
Current assets		
Cash	$ 3,990,360	$ 3,990,360
Due from other governments	260,934	260,934
Prepaid items	102,565	102,565
Total current assets	4,353,859	4,353,859
Other assets		
Right-of-use assets, net of accumulated amortization	266,840	266,840
Depreciable capital assets, net of accumulated depreciation	74,821	74,821
Total other assets	341,661	341,661
Total assets	4,695,520	4,695,520
Total Assets	$ 4,695,520	$ 4,695,520
Liabilities and Net Position		
Current liabilities		
Accounts payable	$ 657,095	$ 657,095
Accrued expenses	1,713,736	1,713,736
Deferred revenue	199,883	199,883
Current portion of non-current liabilities:		
Right-of-use lease liability	49,390	49,390
Total current liabilities	2,620,104	2,620,104
Non-current liabilities		
Right-of-use lease liability	232,242	232,242
Total non-current liabilities	232,242	232,242
Total liabilities	2,852,346	2,852,346
Net position (deficit)		
Net investment in capital assets	60,029	60,029
Unrestricted (deficit)	1,783,145	1,783,145
Total net position (deficit)	1,843,174	1,843,174
Total Liabilities and Net Position (Deficit)	$ 4,695,520	$ 4,695,520

See Notes to Financial Statements

Statement of Activities

For the year ended June 30, 2025

Functions/programs	Expenses	Operating grants and contributions	Governmental activities	Total
Governmental activities				
Instruction	$ 12,270,527	$ 20,358,371	$ 8,087,844	$ 8,087,844
Support services	6,271,765	-	(6,271,765)	(6,271,765)
Total governmental activities	18,542,292	20,358,371	1,816,079	1,816,079
Total primary government	$ 18,542,292	$ 20,358,371	1,816,079	1,816,079
Change in net position			1,816,079	1,816,079
Net position (deficit), beginning of year			27,095	27,095
Net position (deficit), end of year			$ 1,843,174	$ 1,843,174

See Notes to Financial Statements

Balance Sheet — Governmental Funds

June 30, 2025

	General	Special revenue - other	Education Improvement Act	Total governmental funds
Assets				
Cash	$ 3,990,360	$ -	$ -	$ 3,990,360
Due from other governments	-	260,934	-	260,934
Prepaid items	102,565	-	-	102,565
Due from other funds	61,051	-	182,820	243,871
Total assets	$ 4,153,976	$ 260,934	$ 182,820	$ 4,597,730
Liabilities				
Accounts payable	$ 657,095	$ -	$ -	$ 657,095
Accrued expenses	1,713,736	-	-	1,713,736
Deferred revenues	-	17,063	182,820	199,883
Due to other funds	-	243,871	-	243,871
Total liabilities	2,370,831	260,934	182,820	2,814,585
Fund balances (deficits)				
Nonspendable	102,565	-	-	102,565
Unassigned	1,680,580	-	-	1,680,580
Total fund balances (deficits)	1,783,145	-	-	1,783,145
Total liabilities and fund balances (deficits)	$ 4,153,976	$ 260,934	$ 182,820	$ 4,597,730

See Notes to Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

	Amount
Total fund balances - governmental funds	$ 1,783,145
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	74,821
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	266,840
Right-of-use-lease liability	(281,632)
Total net position (deficit) - governmental activities	$ 1,843,174

See Notes to Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds

For the year ended June 30, 2025

	General	Special revenue - other	Education Improvement Act	Total governmental funds
Revenues				
State	$ 16,295,188	$ 56,345	$ 3,342,054	$ 19,693,587
Federal	-	664,784	-	664,784
Total revenues	16,295,188	721,129	3,342,054	20,358,371
Expenditures				
Current:				
Instruction	11,601,357	622,862	46,308	12,270,527
Support services	6,202,246	98,267	4,186	6,304,699
Total expenditures	17,803,603	721,129	50,494	18,575,226
Excess (deficiency) of revenues over (under) expenditures	(1,508,415)	-	3,291,560	1,783,145
Other financing sources (uses)				
Operating transfers in	3,291,560	-	-	3,291,560
Operating transfers out	-	-	(3,291,560)	(3,291,560)
Total other financing sources (uses)	3,291,560	-	(3,291,560)	-
Net change in fund balances	1,783,145	-	-	1,783,145
Fund balances (deficits), beginning of year	-	-	-	-
Fund balances (deficits), end of year	$ 1,783,145	$ -	$ -	$ 1,783,145

See Notes to Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2025

	Amount
Total net change in fund balance - Governmental funds	$ 1,783,145
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
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.	47,726
Right-of-use lease assets are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those lease assets are allocated over their lease term as amortization expense.	(55,672)
The repayment of the principal of the right-of-use lease liabilities consumes the current financial resources of governmental funds but has no effect on net position. The amount is the reduction in lease liabilities during the year.	40,880
Change in net position of governmental activities	$ 1,816,079

See Notes to Financial Statements

Notes to the Basic Financial Statements

June 30, 2025

I. Summary of Significant Accounting Policies

Carolus Online Academy (the "School") is a nonprofit organization incorporated in the state of South Carolina and organized under the South Carolina Charter School Act. The School serves as a public virtual charter school for students throughout the state of South Carolina in grades K-12. The School's charter was approved by the South Carolina Public Charter School District (SCPCSD). The School receives funding from state and federal government sources and must comply with the related requirements of these funding source entities. The School began operations in July 2023.

The School is governed by a Board of Directors, which according to its by-laws may be no less than seven and no more than nine members. The Board of Directors is elected by the families of the School's students. The Board of Directors determines the operating policies of the School and such policies are implemented by the Executive Director and staff.

The School has entered into a service agreement with K12, who provides staff and curriculum, among other items. Regardless of the service fees incurred by K12 under their agreement with the School, K12 assumes the risks, except as otherwise set forth in the agreement, that its fees may not allow it to operate profitably or to fully recover the amounts invoiced to the School. In accordance with the agreement, K12 does not allow the School to conclude a fiscal year during the agreement term in a negative net position. If the school ended a fiscal year in a negative net position, K12 would provide sufficient credits ("balanced budget credits") to be applied to K12 invoices to ensure that the School did not experience a negative net position.

A. Reporting Entity

The School's financial statements include all funds over which the Board is considered to be financially accountable. The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

Component units are legally separate organizations for which the School is financially accountable. Component units may also include organizations that are fiscally dependent on the School in that the School approves their budget, the issuance of their debt or the levying of their taxes.

The School has no component units.

B. Basis of Presentation

The statements of the School are presented as follows:

Government-wide financial statements - The Statement of Net Position and the Statement of Activities display information about the School as a whole. These statements include the financial activities of the School. For the most part, the effect of interfund activity has been removed from these statements.

The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The School has no business-type activities.

The government-wide statements are prepared using the economic resources management focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School and for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Depreciation expense has been allocated to individual functions in the governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues, are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements - Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. The School has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the School's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Measurement Focus and Basis of Accounting

Fund accounting

The accounts of the School are organized and operated on the basis of funds during the fiscal year, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School's major governmental funds:

General Fund - to account for all financial transactions not properly accounted for in another fund. The School uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The School has two special revenue funds:

- The Education Improvement Act (EIA) Fund, a fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
- Special Revenue Fund - Other, a fund used to account for financial resources provided by federal, state, and local projects and grants.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available. The School does not have any proprietary or fiduciary funds.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. Assets, Liabilities, and Equity or Net Position

1. Cash

The School considers demand deposits and other highly liquid investments with original maturities of three months or less to be cash equivalents. For financial statement purposes, amounts reported as cash include the School's undifferentiated cash balances maintained in bank deposit accounts.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

3. Capital Assets

General capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gain or losses, if any, are reflected in revenue or expenditures/expenses for the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of $5,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets other than land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental activities estimated lives
Buildings and improvements	15 - 40 years
Equipment	5 - 12 years

4. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

5. Fund Balances and Net Position

The School defines five classifications of governmental funds balances: nonspendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

For the government-wide financial statements the School applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net position are available. For the governmental funds financial statements, the School applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgetary Practices - A budget is presented in the required supplementary information section for the General Fund. No legally adopted budget is prepared for the other funds.

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. The 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.

In May of each year, the School's management submits a proposed budget to the Board for the General Fund. The budget includes proposed expenditures and the means of financing the expenditures. After modifications are made, resulting from discussions between the Board and the School's management, the Board approves a final budget. The School's policies allow funds to be transferred between functions, but the total budget may not be increased without approval of the Board. The legal level of budgetary control is at the fund level.

The School's management has the authority to overspend the budget within percentages established by the South Carolina State Department of Education for most state and federally funded projects. The School may overspend in certain funds as long as funds are available from other areas.

III. Detailed Notes on All Funds

A. Cash Deposits, Investments and Amounts on Deposit

Cash

At June 30, 2025, the carrying amount of the School's deposits was $3,990,360 and the bank balance was $4,052,059, with $61,699 in outstanding checks.

Custodial Credit Risk

Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. At times, the School's deposits may exceed FDIC limits.

B. Due from other Governments

Intergovernmental receivables at June 30, 2025 consisted of intergovernmental grants and reimbursements. All intergovernmental receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities — Due from state and/or federal government	Amount
Title I	$ 153,798
IDEA	81,212
Title II	13,940
Title IV	11,451
Extended School Year	533
Total governmental activities	$ 260,934

C. Interfund Transactions

The School maintains a pooled cash account in the general fund for a majority of the funds of the School. Interfund balances are a result of the cash activity related to the pooled cash account. As of June 30, 2025, amounts due from (to) other funds related to the School cash pool are as follows:

Fund	Receivables	Payables
General	$ 61,051	$ -
Special revenue - Other	-	243,871
Special revenue - EIA	182,820	-
	$ 243,871	$ 243,871

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2025
Governmental activities				
Office equipment	$ 32,646	$ 61,863	$ -	$ 94,509
Right-of-use leased assets	28,990	293,522	(28,990)	293,522
Total capital assets, being depreciated and amortized, at historical cost	61,636	355,385	(28,990)	388,031
Less accumulated depreciation and amortization				
Office equipment	(5,551)	(14,137)	-	(19,688)
Right-of-use leased assets	-	(55,672)	28,990	(26,682)
Total accumulated depreciation and amortization	(5,551)	(69,809)	28,990	(46,370)
Governmental activities capital assets, net	$ 56,085	$ 285,576	$ -	$ 341,661

Total depreciation and amortization expense of $69,809 was charged to support services.

E. Right-of-Use Leased Liability

The School has entered into a lease agreement with a lease term of 66 months. The lease includes two months of abated payments followed by monthly payments as outlined below:

- Months 03-14: $4,948 per month
- Months 15-26: $5,096 per month
- Months 27-38: $5,249 per month
- Months 39-50: $5,407 per month
- Months 51-62: $5,569 per month
- Months 63-66: $5,736 per month

The implicit interest rate in the lease is 4.08%, and the annual requirements to amortize the lease payable is as follows for the fiscal years ending June 30:

Fiscal Year	Principal	Interest	Total
2026	$ 49,390	$ 10,582	$ 59,972
2027	53,277	8,495	61,772
2028	57,375	6,245	63,620
2029	61,709	3,823	65,532
2030	59,881	1,225	61,106
Total	$ 281,632	$ 30,370	$ 312,002

IV. Other Information

A. Commitments and Contingencies

The School has received proceeds from Federal and State grants, and/or entitlements. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

The School is by law, a public school. The operations of the School are subject to administrative directives, rules and regulations of its federal and state funding sources. Such directions and funding levels are subject to change with little notice. If the School's funding levels are significantly impacted by reductions in federal and state funding, it may adversely affect the School's ability to operate.

The School entered into a ten-year contract with K12 for educational products and services commencing July 2023. Under this agreement, the School pays two percent of School revenues to SCPCSD as an oversight fee. The School pays to K12 an administrative services fee of fifteen percent of School revenues. The administrative services fee for the year ended June 30, 2025 was $3,053,756. In addition, the School pays to K12 a technology services fee of seven percent of School revenues. The technology services fee for the year ended June 30, 2025 was $1,425,086.

a. Funding Contingency

The School receives a substantial amount of its support from the South Carolina Department of Education through the South Carolina Public Charter School District. While it is anticipated that funding will continue in the future, a significant reduction in the level of this support, if it were to occur, could have an effect on the School's programs and activities. Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the School for disallowed costs or noncompliance with grantor restrictions. Management is not aware of any noncompliance or disallowed costs.

b. Charter Contingency

Public charter schools in South Carolina must be sponsored by a South Carolina School District. The School was sponsored by South Carolina Public Charter School District during the year ended June 30, 2024. The sponsor authorized a charter for ten years ending June 30, 2034. The School's sponsorship agreement with South Carolina Public Charter School District states that the charter must be revoked or not renewed if the sponsor determines that the School (1) committed a material violation of the conditions, standards, or procedures provided for in the charter application or sponsorship agreement, (2) failed to meet or make reasonable progress, as defined in the charter application, toward pupil achievement standards identified in the charter application, (3) failed to meet generally accepted standards of fiscal management, or (4) violated any provision of law from which the charter school was not specifically exempted. The School was in compliance with the terms of its charter application and sponsorship agreement during the year ended June 30, 2025.

c. Balanced Budget Credit Contingency

K12 has agreed to issue credits against the amounts billed for services and product provided, if needed, to ensure that the School does not end a fiscal year with a financial deficit. The deficit credits provided by K12 are subject to repayment if the School experiences a surplus in subsequent fiscal years. The amount of the repayment is based on the School ending a fiscal year with positive fund balance. Any unpaid credits remaining upon termination of the agreement are not subject to repayment. As of June 30, 2025, the School ended the year with positive fund balance, thus the school accrued $560,623 to pay back previously issued credits. No other credits are outstanding as of June 30, 2025.

B. Fund Balance and Net Position

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements

Fund balances - Nonspendable – balances that by their nature are unable to be spent.

Fund balances - Restricted – balances that can only be spent for the specific purpose stipulated by constitution, external resource provider, or through enabling legislation.

Fund balances - Committed – balances that can only be used for the specific purpose determined by the School's Board of Trustees. The Board of Trustees must take a formal action during one of its meetings to formally commit fund balance.

Fund balances - Assigned – balances meant to be used for a specific purpose that do not meet the criteria as restricted or committed. Senior management at the School are able to make fund balance assignments.

Fund balances - Unassigned – balances that are spendable amounts not contained in other classifications.

Government-wide financial statements

Net investment in capital assets – represents the net cost less accumulated depreciation and outstanding debt attributable to the School's capital assets.

Restricted net position – represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – represents net position not contained in other classifications and are available for expenditure at the School's discretion.

C. Subsequent Events

In preparing the financial statements, the School's management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available for issuance.

D. Uncertain Tax Positions

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The School does not have any income it considers to be subject to tax on unrelated business income. The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Required Supplementary Information

Budgetary Comparison Information — General Fund

Schedule 1 — Schedule of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual

For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues				
State sources	$ 9,737,802	$ 19,586,748	$ 16,295,188	$ (3,291,560)
Total revenue all sources	9,737,802	19,586,748	16,295,188	(3,291,560)
Expenditures				
Current				
Instruction	5,010,815	11,477,535	11,601,357	(123,822)
Support services	2,412,894	5,611,124	6,202,246	(591,122)
Total expenditures	7,423,709	17,088,659	17,803,603	(714,944)
Excess (deficiency) of revenues over (under) expenditures	2,314,093	2,498,089	(1,508,415)	(4,006,504)
Other financing sources (uses)				
Transfers in	-	-	3,291,560	3,291,560
Total other financing sources (uses)	-	-	3,291,560	3,291,560
Net change in fund balance	2,314,093	2,498,089	1,783,145	(714,944)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 2,314,093	$ 2,498,089	$ 1,783,145	$ (714,944)

Intergovernmental revenue is presented by category in the schedule herein in accordance with State Department of Education requirements.

Supplementary Information

General Fund

Schedule A-1 — Schedule of Revenues, Expenditures, and Changes in Fund Balance — Revised Budget and Actual

For the year ended June 30, 2025

Revenues

	Original Budget	Final Budget	Actual	Variance
3000 Revenue from state sources				
3100 Restricted state funding				
3103 State aid to classrooms	$ 9,737,802	$ 19,586,748	$ 16,295,188	$ (3,291,560)
Total state sources	9,737,802	19,586,748	16,295,188	(3,291,560)
Total revenue all sources	$ 9,737,802	$ 19,586,748	$ 16,295,188	$ (3,291,560)

Expenditures (Summary by Function)

The full schedule below reproduces the object-level detail (salaries, employee benefits, purchased services, supplies and materials, other objects) for every instructional and support-services program exactly as presented in the source PDF, organized by program code.

	Original Budget	Final Budget	Actual	Variance
100 INSTRUCTION				
110 General instruction				
111 Kindergarten programs				
100 Salaries	$ 3,233	$ 314,223	$ 180,339	$ 133,884
200 Employee benefits	32,545	39,051	39,757	(706)
300 Purchased services	234,136	789,219	915,702	(126,483)
400 Supplies and materials	114,839	113,699	108,071	5,628
Subtotal	384,753	1,256,192	1,243,869	12,323
112 Primary programs				
100 Salaries	(45,353)	425,083	433,431	(8,348)
200 Employee benefits	59,076	85,125	86,820	(1,695)
300 Purchased services	687,070	1,580,238	1,636,917	(56,679)
400 Supplies and materials	290,211	275,764	262,222	13,542
Subtotal	991,004	2,366,210	2,419,390	(53,180)
113 Elementary programs				
100 Salaries	65,298	964,638	981,743	(17,105)
200 Employee benefits	62,048	214,652	218,196	(3,544)
300 Purchased services	1,352,135	2,957,846	3,016,079	(58,233)
400 Supplies and materials	646,840	630,355	599,111	31,244
600 Other Objects	5,486	44	401	(357)
Subtotal	2,131,807	4,767,535	4,815,530	(47,995)
114 High school programs				
100 Salaries	-	203,903	224,287	(20,384)
200 Employee benefits	-	55,447	57,019	(1,572)
300 Purchased services	200,391	1,735,311	1,786,512	(51,201)
400 Supplies and materials	33,524	203,712	193,827	9,885

	Original Budget	Final Budget	Actual	Variance
600 Other Objects	5,486	-	1,169	(1,169)
Subtotal	239,401	2,198,373	2,262,814	(64,441)
115 Career and Technology Education Programs				
100 Salaries	-	124,455	126,240	(1,785)
200 Employee benefits	18,934	25,890	26,310	(420)
300 Purchased services	511,748	48,094	35,196	12,898
400 Supplies and materials	37,866	242	350	(108)
600 Other objects	-	-	1,368	(1,368)
Subtotal	568,548	198,681	189,464	9,217
116 Career and Technology Education (Vocational) Programs				
100 Salaries	-	46,971	48,269	(1,298)
200 Employee benefits	-	4,533	4,742	(209)
300 Purchased services	-	4,840	3,674	1,166
600 Other objects	-	-	6	(6)
Subtotal	-	56,344	56,691	(347)
Total general instruction	4,315,513	10,843,335	10,987,758	(144,423)
120 Exceptional programs				
121 Educable mentally handicapped				
300 Purchased services	11,276	-	-	-
400 Supplies and materials	11,716	-	-	-
Subtotal	22,992	-	-	-
122 Trainable mentally handicapped				
300 Purchased services	4,165	-	-	-
400 Supplies and materials	7,917	-	-	-
Subtotal	12,082	-	-	-
123 Orthopedically handicapped				
300 Purchased services	5,528	-	-	-
400 Supplies and materials	8,645	-	-	-
Subtotal	14,173	-	-	-
124 Visually handicapped				
300 Purchased services	2,455	-	-	-
400 Supplies and materials	7,003	-	-	-
Subtotal	9,458	-	-	-
125 Hearing handicapped				
300 Purchased services	3,210	-	-	-
400 Supplies and materials	7,406	-	-	-
Subtotal	10,616	-	-	-
126 Speech handicapped				
300 Purchased services	90,341	98,972	113,387	(14,415)
400 Supplies and materials	53,961	-	-	-
Subtotal	144,302	98,972	113,387	(14,415)
127 Learning disabilities				
100 Salaries	2,927	323,768	291,887	31,881
200 Employee benefits	19,138	109,545	111,633	(2,088)
300 Purchased services	243,384	56,914	44,865	12,049
400 Supplies and materials	23,365	1,008	912	96
600 Other objects	5,486	-	712	(712)
Subtotal	294,300	491,235	450,009	41,226
128 Emotionally handicapped				
300 Purchased services	11,016	-	-	-
400 Supplies and materials	11,577	-	-	-
Subtotal	22,593	-	-	-
Total exceptional programs	530,516	590,207	563,396	26,811

	Original Budget	Final Budget	Actual	Variance
140 Special programs				
141 High Achieving				
300 Purchased Services	-	39,488	45,011	(5,523)
149 Other special programs				
600 Other objects	-	4,505	5,192	(687)
Total special programs	-	43,993	50,203	(6,210)
160 Other exceptional programs				
161 Autism				
300 Purchased services	94,509	-	-	-
400 Supplies and materials	56,188	-	-	-
Total other exceptional programs	150,697	-	-	-
180 Adult/continuing education programs				
188 Parenting/family literacy				
300 Purchased services	883	-	-	-
400 Supplies and materials	6,163	-	-	-
Total adult/continuing educational programs	7,046	-	-	-
190 Instructional pupil activity				
300 Purchased services	880	-	-	-
400 Supplies and materials	6,163	-	-	-
Total instructional pupil activity	7,043	-	-	-
Total instruction	5,010,815	11,477,535	11,601,357	(123,822)

	Original Budget	Final Budget	Actual	Variance
200 SUPPORT SERVICES				
210 Pupil services				
211 Attendance and social work				
300 Purchased services	883	-	-	-
400 Supplies and materials	6,163	-	-	-
Subtotal	7,046	-	-	-
212 Guidance				
100 Salaries	-	104,179	113,441	(9,262)
200 Employee benefits	-	30,658	31,527	(869)
300 Purchased services	883	2,564	1,918	646
400 Supplies and Materials	1,231	54	30	24
Subtotal	2,114	137,455	146,916	(9,461)
214 Psychological				
300 Purchased services	1,488	-	-	-
400 Supplies and materials	6,163	-	-	-
Subtotal	7,651	-	-	-
215 Exceptional program services				
300 Purchased services	1,483	171,507	196,486	(24,979)
400 Supplies and materials	6,163	-	-	-
Subtotal	7,646	171,507	196,486	(24,979)
217 Career specialist services				
300 Purchased services	883	-	-	-
400 Supplies and materials	6,163	-	-	-
Subtotal	7,046	-	-	-
Total pupil services	31,503	308,962	343,402	(34,440)
220 Instructional staff services				
221 Improvement of instruction - Curriculum development				
300 Purchased services	883	-	-	-
400 Supplies and materials	6,163	-	-	-
Subtotal	7,046	-	-	-
223 Supervision of special programs				
300 Purchased services	600	-	-	-
400 Supplies and materials	2,853	-	-	-
Subtotal	3,453	-	-	-
224 Improvement of instruction - Inservice training				
300 Purchased services	-	1,240	1,323	(83)
400 Supplies and materials	2,853	-	-	-
Subtotal	2,853	1,240	1,323	(83)
Total instructional staff services	13,352	1,240	1,323	(83)
230 General administration services				
231 Board of education				
300 Purchased services	2,505	-	-	-
318 Audit services	-	27,000	29,000	(2,000)
400 Supplies and materials	2,107	-	-	-
Subtotal	4,612	27,000	29,000	(2,000)
233 School administration				
100 Salaries	-	4,968	11,462	(6,494)
200 Employee benefits	308	1,317	1,607	(290)
300 Purchased services	1,497,994	3,637,054	4,166,691	(529,637)
400 Supplies and materials	2,107	26,715	27,459	(744)
600 Other objects	-	3,248	5,844	(2,596)
Subtotal	1,500,409	3,673,302	4,213,063	(539,761)

	Original Budget	Final Budget	Actual	Variance
Total general administration services	1,505,021	3,700,302	4,242,063	(541,761)
250 Finance and operations services				
252 Fiscal services				
300 Purchased services	30,000	-	-	-
600 Other objects	-	946	149	797
Subtotal	30,000	946	149	797
254 Facilities acquisition and construction				
300 Purchased services	80,682	125,546	136,678	(11,132)
400 Supplies and materials	-	842	1,015	(173)
600 Supplies and materials	54,235	50,934	50,934	-
Subtotal	134,917	177,322	188,627	(11,305)
Total finance and operations services	164,917	178,268	188,776	(10,508)
260 Central support services				
266 Technology and data processing services				
300 Purchased services	690,508	1,419,269	1,425,132	(5,863)
400 Supplies and materials	2,107	-	-	-
Subtotal	692,615	1,419,269	1,425,132	(5,863)
Total central support services	692,615	1,419,269	1,425,132	(5,863)
270 Support services pupil activity				
271 Pupil services activities				
600 Other Objects	5,486	3,083	1,550	1,533
Total support services pupil activity	5,486	3,083	1,550	1,533
Total support services	2,412,894	5,611,124	6,202,246	(591,122)
Total expenditures	7,423,709	17,088,659	17,803,603	(714,944)
OTHER FINANCING SOURCES (USES)				
5230 Transfer from special revenue EIA fund	-	-	3,291,560	3,291,560
Total other financing sources	-	-	3,291,560	3,291,560
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ 2,314,093	$ 2,498,089	1,783,145	$ (714,944)

FUND BALANCE (DEFICIT), BEGINNING OF YEAR — $ -

FUND BALANCE (DEFICIT), END OF YEAR — $ 1,783,145

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Special Revenue Fund

Schedule B-1 — Schedule of Revenues, Expenditures, and Changes in Fund Balance

For the year ended June 30, 2025

	Title I (201)	IDEA (203)	CATE (207)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs* (200's/800's)	Total
REVENUES						
3000 Revenue from state sources						
3135 Reading coaches	-	-	-	$ 56,345	-	$ 56,345
Total state sources	-	-	-	56,345	-	56,345
4000 Revenue from federal sources						
4210 Perkins aid, Title I	-	-	1,000	-	-	1,000
4310 Title I	340,566	-	-	-	-	340,566
4351 Improving teacher quality	-	-	-	-	13,940	13,940
4510 IDEA	-	283,701	-	-	1,888	285,589
4997 Title IV SSAE	-	-	-	-	23,689	23,689
Total federal sources	340,566	283,701	1,000	-	39,517	664,784
Total revenue all sources	340,566	283,701	1,000	56,345	39,517	721,129

Expenditures — Schedule B-1 (continued)

	Title I (201)	IDEA (203)	CATE (207)	Other Restricted (900's)	Other Programs (200's/800's)	Total
100 Instruction						
113 Elementary programs — Salaries	-	-	-	44,680	-	44,680
113 Elementary programs — Benefits	-	-	-	8,670	-	8,670
113 Elementary programs — Purchased services	73,259	-	-	-	-	73,259
114 High school — Salaries	197,543	-	-	-	1,000	198,543
114 High school — Benefits	23,975	-	-	-	-	23,975
115 CATE — Purchased services	-	-	1,000	-	-	1,000
Total general instruction	294,777	-	1,000	53,350	1,000	350,127
127 Learning disabilities — Salaries	-	269,347	-	-	888	270,235
Total exceptional programs	-	269,347	-	-	888	270,235
188 Parenting/family literacy — Purchased services	2,500	-	-	-	-	2,500
Total adult continuing education programs	2,500	-	-	-	-	2,500
Total instruction	297,277	269,347	1,000	53,350	1,888	622,862
200 Support services						
211 Attendance/social work — Salaries	13,915	-	-	-	-	13,915
211 Attendance/social work — Purchased services	-	-	-	-	12,000	12,000
212 Guidance — Salaries	20,770	-	-	-	-	20,770
212 Guidance — Benefits	8,604	-	-	-	-	8,604
214 Psychological — Purchased services	-	14,354	-	-	-	14,354
Total pupil services	43,289	14,354	-	-	12,000	69,643
221 Curriculum development	-	-	-	-	7,000	7,000
224 Inservice training	-	-	-	-	18,629	18,629
Total instructional staff services	-	-	-	-	25,629	25,629
233 School administration — Salaries	-	-	-	2,423	-	2,423
233 School administration — Benefits	-	-	-	572	-	572
Total general administrative services	-	-	-	2,995	-	2,995
Total support services	43,289	14,354	-	2,995	37,629	98,267
Total expenditures	340,566	283,701	1,000	56,345	39,517	721,129
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -

Schedule B-2 — Special Revenue Fund - Other

Summary Schedule for Designated Restricted State Grants — For the year ended June 30, 2025

Subfund	Programs	Revenue	Expenditures	Transfers In/(Out)	Unearned Revenue
935	3135 Reading coaches	$ 56,345	$ 56,345	$ -	$ 17,063
	Total	$ 56,345	$ 56,345	$ -	$ 17,063

Education Improvement Act

Schedule B-3 — Schedule of Revenues, Expenditures, and Changes in Fund Balance — All Programs

For the year ended June 30, 2025

Revenues

	Amount
3000 Revenue from state sources	
3500 Education Improvement Act:	
3503 State aid to classrooms	$ 3,291,960
3526 Refurbish science kits	1,975
3529 Career and technology education	2,128
3532 National board certification salary supplement	9,979
3557 Summer reading program	7,572
3577 Teacher supplies	22,800
3599 Other EIA	5,640
Total state sources	3,342,054
Total revenue all sources	$ 3,342,054

Expenditures — Schedule B-3 (continued)

	Amount
100 INSTRUCTION	
110 General instruction	
111 Kindergarten programs — Supplies and materials	$ 1,578
112 Primary programs — Salaries	200
112 Primary programs — Supplies and materials	4,400
113 Elementary programs — Salaries	9,870
113 Elementary programs — Purchased services	6,286
113 Elementary programs — Supplies and materials	6,822
114 High school programs — Salaries	200
114 High school programs — Purchased services	1,329
114 High school programs — Supplies and materials	3,600
115 Career and technology programs — Purchased services	2,128
115 Career and technology programs — Supplies and materials	2,400
Total general instruction	38,813
120 Exceptional programs	
127 Learning disabilities — Salaries	3,895
127 Learning disabilities — Supplies and materials	3,600
Total exceptional programs	7,495
Total instruction	46,308
200 SUPPORT SERVICES	
210 Pupil services	
212 Guidance services — Supplies and materials	400
Total pupil services	400
230 General administrative services	
233 School administration — Salaries	3,786
Total general administrative services	3,786
Total support services	4,186
Total expenditures	50,494
OTHER FINANCING SOURCES (USES)	
420-710 Transfer to general fund	(3,291,560)
Total other financing sources	(3,291,560)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-
FUND BALANCE, BEGINNING OF YEAR	-
FUND BALANCE, END OF YEAR	$ -

Schedule B-4 — Education Improvement Act

Summary Schedule by Program — For the year ended June 30, 2025

3500 Education Improvement Act	Revenues	Expenditures	Transfers In/(Out)	Unearned Revenue
3503 State aid to classrooms	$ 3,291,960	$ 400	$ (3,291,560)	$ -
3526 Refurbish science kits	1,975	1,975	-	265
3529 Career and technology education	2,128	2,128	-	2,872
3532 National board certification salary supplement	9,979	9,979	-	1,323
3557 Summer reading program	7,572	7,572	-	-
3577 Teacher supplies	22,800	22,800	-	-
3599 Other EIA funds	5,640	5,640	-	178,360
Total	$ 3,342,054	$ 50,494	$ (3,291,560)	$ 182,820

Schedule C-1 — Detailed Schedule of Due to State Department of Education Government

For the year ended June 30, 2025

No funds are due to state government.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Trustees

Carolus Online Academy

Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Carolus Online Academy (a nonprofit organization), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Carolus Online Academy's basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carolus Online Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carolus Online Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Carolus Online Academy's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carolus Online Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carolus Online Academy'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 Carolus Online Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manley Garvin, LLC

Greenwood, South Carolina

October 14, 2025

Schedule of Findings and Responses

For the year ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? — No
- Significant deficiency(ies) identified? — None reported

Noncompliance material to financial statements noted? — No

Section II. Financial Statement Findings

None

Section III. Compliance Findings

None

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2025

None