GRAY COLLEGIATE ACADEMY, INC.
(A Component Unit of
The Charter Institute at Erskine)

WEST COLUMBIA, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2024

(With Independent Auditors' Report Thereon)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2024

FINANCIAL SECTION

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2024

FINANCIAL SECTION, Continued

OTHER SUPPLEMENTARY INFORMATION

COMPLIANCE SECTION

MARTIN·SMITH
& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

Board of Directors
Gray Collegiate Academy, Inc.
West Columbia, South Carolina

Opinion
We have audited the accompanying financial statements of the governmental activities and each major fund of Gray Collegiate Academy, Inc. ("the School"), a component unit of the The Charter Institute at Erskine, as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Gray Collegiate Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, budgetary comparison information, pension liability and contribution schedules, and other postemployment benefits liability and contribution schedules 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Gray Collegiate Academy, Inc.'s financial statements. The accompanying combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2* U.S. Code of Federal Regulations *Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2024, 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 grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Gray Collegiate Academy, Inc.'s 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

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 31, 2024

This discussion and analysis of Gray Collegiate Academy, Inc.'s ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. 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 School's assets exceeded liabilities at the close of the most recent fiscal year by $701,319 (net position). Of this amount, however, $2,535,403 is restricted under terms of a debt agreement and for student activity funds. Therefore, the School reported an unrestricted net deficit of $1,834,084.

The School's net position decreased by $302,725 during the current fiscal year, as compared to a decline of $610,310 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were $22,540,533.

The School made its scheduled debt payments during the 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 $3,081,726, compared to a fund balance of $4,325,550 in the previous fiscal year. This decrease was primarily due to the School expending $2,541,098 on its capital projects, using funds borrowed in previous years.

During the 2024 fiscal year, the School's governmental fund-type revenues were $11,814,455. The School reported governmental fund-type revenues of $9,892,031 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were $13,058,279, which included $2,541,098 in capital expenditures.

Overall
The 135-day student count increased by 65, from 804 students in the prior year to 869 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.

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.

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 Gray Collegiate Academy, Inc.
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements
		Government Funds Only
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

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 $701,319 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2024 compared to **2023**:

Net Position

	Governmental Activities	
	2024	**2023**
Assets		
Current and other assets	$ 3,558,541	$ 5,597,305
Capital assets	22,540,533	20,298,827
Other non-current assets	1,000,000	1,000,000
Total assets	27,099,074	26,896,132
Deferred Outflows of Resources	9,198,178	514,084
Liabilities		
Long-term liabilities	32,799,288	25,110,491
Other liabilities	500,741	1,295,681
Total liabilities	33,300,029	26,406,172
Deferred Inflows of Resources	2,295,904	-
Net Position		
Net investment in capital assets	-	-
Rectricted net position	2,535,403	3,579,133
Unrestricted net position (deficit)	(1,834,084)	(2,575,089)
Total net position	$ 701,319	$ 1,004,044

During the fiscal year, net position of the School's governmental activities decreased by $302,725. 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 – was ($1,834,084) at June 30, 2024.

The following table shows the changes in net position for fiscal year 2024 and **2023**:

Changes in Net Position

	Governmental Activities	
	2024	**2023**
Revenues		
Program revenues:		
Operating grants	$ 11,337,837	$ 9,393,698
Charges for services	140,790	118,864
General revenue:		
Other revenue	336,427	379,468
Total revenues	11,815,054	9,892,030
Program Expenses		
Instruction	4,842,271	2,649,186
Support services	5,925,750	6,551,985
Interest and other charges	1,349,758	1,301,169
Total expenses	12,117,779	10,502,340
Increase (decrease) in net position	$ (302,725)	$ (610,310)

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds
For the year ended June 30, June 30, 2024, the School's Governmental Funds reported combined fund balances of $3,081,726 as compared to $4,325,550 in the previous year. This decrease of $1,243,824 was due primarily to the School expending $2,541,098 on its capital projects, using funds borrowed in previous years.

The Special Revenue Funds consists 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 majority of the funds that were received during the year were expended during the current fiscal year; therefore, the only fund balance at the end of the current year relates to the School's food service activities.

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 2024, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the School had $22,540,533 net investment in capital assets. The year-end total of capital assets was $26,699,638, with a total accumulated depreciation of $4,159,105. The depreciation expense taken during the year was $784,445, and capital asset additions were $3,026,151.

The following table shows fiscal 2024 and 2023:

Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2024	2023
Land	$ 1,942,627	$ 1,942,627
Construction in progress	-	12,221,514
Building	19,636,904	5,556,594
Building improvements	337,011	153,148
Land improvements	266,590	188,520
Vehicles	76,514	192,248
Equipment	280,887	44,176
Totals	$ 22,540,533	$ 20,298,827

Long-term Debt

At fiscal year-end, the School had $24,833,979 in long-term debt. The School had $23,833,979 in economic development bonds, net of the related bond discounts. Gray Collegiate Academy, Limited Partnership received advances in 2014. The Partnership expects to repay these advances totaling $1,000,000, and therefore, the School has elected to treat these advances as notes payable on the Statement of Net Position.

Economic Factors

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

- The School continues to see community support as evidenced by 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 3833 Leaphart Road, West Columbia, South Carolina.

Exhibit A

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 937,892
Restricted cash and cash eqvuivalents	2,439,604
Due from other governmental units	114,168
Other receivables	66,877
Notes receivable	1,000,000
Capital assets	26,699,638
Less accumulated depreciation and amortization	(4,159,105)
Total capital assets, net of depreciation	22,540,533
Total assets	27,099,074
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension and OPEB charges	9,198,178
LIABILITIES	
Accounts payable and accrued expenses	485,169
Unearned revenue	5,388
Due to other governmental units	10,184
Long-term liabilities:	
Pension liability	4,669,658
OPEB liability	3,295,651
Due within one year	305,000
Due in more than one year	24,528,979
Total liabilities	33,300,029
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts relating to pension and OPEB	2,295,904
NET POSITION	
Net investment in capital assets	-
Restricted net position	2,535,403
Unrestricted net position (deficit)	(1,834,084)
Total net position	$ 701,319

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

Exhibit B

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues		Net Revenue (Expense) and Change in Net Position
Functions / Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction	$ 4,842,271	$ 140,790	$ 4,530,606	$ (170,875)
Support services	5,925,750	-	5,544,348	(381,402)
Interest and other charges	1,349,758	-	1,262,883	(86,875)
Total governmental activities	12,117,779	140,790	11,337,837	(639,152)
Total	$ 12,117,779	$ 140,790	$ 11,337,837	(639,152)
General revenues:				
Miscellaneous revenue				132,784
Unrestricted investment earnings				203,643
Total general revenues				336,427
Change in net position				(302,725)
Net position, beginning of year				1,004,044
Net position, end of year				$ 701,319

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

Exhibit C

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2024

	General	Special Revenue	EIA	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 937,892	$ -	$ -	$ 937,892
Restricted cash	2,363,181	76,423	-	2,439,604
Due from other governmental units	-	104,446	9,722	114,168
Due from other funds	-	137,045	5,850	142,895
Other receivables	66,877	-	-	66,877
Total assets	$ 3,367,950	$ 317,914	$ 15,572	$ 3,701,436
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 315,551	$ 145,692	$ -	$ 461,243
Due to other funds	142,895	-	-	142,895
Due to other governmental units	-	-	10,184	10,184
Unearned revenue	-	-	5,388	5,388
Total liabilities	458,446	145,692	15,572	619,710
Fund balances:				
Nonspendable	-	-	-	-
Restricted	2,363,181	172,222	-	2,535,403
Unassigned	546,323	-	-	546,323
Total fund balances	2,909,504	172,222	-0-	3,081,726
Total liabilities and fund balances	$ 3,367,950	$ 317,914	$ 15,572	$ 3,701,436

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total fund balance - Governmental Funds	$ 3,081,726
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Funds. The cost of assets is $26,699,638 and the accumulated depreciation is $4,159,105.	22,540,533
Notes receivable that are not expected to be collected within one year are not reported in the Governmental Funds.	1,000,000
Deferred outflows related to the pension and OPEB plans are applicable to future periods and, therefore, are not reported in the Governmental Funds.	9,198,178
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(2,295,904)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,965,309)
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(24,857,905)
Net position of governmental activities	$ 701,319

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

Exhibit E

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	General	Special Revenue	EIA Fund	Total Governmental Funds
REVENUES				
Local	$ 485,975	$ 800,413	$ -	$ 1,286,388
State	7,804,992	10,164	1,595,459	9,410,615
Federal	-	1,117,452	-	1,117,452
Intergovernmental	-	-	-	-
Total revenues all sources	8,290,967	1,928,029	1,595,459	11,814,455
EXPENDITURES				
Current:				
Instruction	2,576,907	758,765	22,017	3,357,689
Support services	4,614,637	917,366	1,218	5,533,221
Community services	-	90,887	-	90,887
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	290,000	-	-	290,000
Interest and other	1,245,384	-	-	1,245,384
Capital outlay	2,386,351	154,747	-	2,541,098
Total expenditures	11,113,279	1,921,765	23,235	13,058,279
Excess (deficiency) of revenues over expenditures	(2,822,312)	6,264	1,572,224	(1,243,824)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,572,224	-	-	1,572,224
Operating transfers out	-	-	(1,572,224)	(1,572,224)
Total other financing sources (uses)	1,572,224	-	(1,572,224)	-
Net changes in fund balance	(1,250,088)	6,264	-0-	(1,243,824)
FUND BALANCE, July 1, 2023	4,159,592	165,958	-0-	4,325,550
FUND BALANCE, June 30, 2024	$ 2,909,504	$ 172,222	$ -0-	$ 3,081,726

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Total net changes in fund balance - Governmental Funds	$	(1,243,824)
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. This is the amount by which capital outlay ($3,026,151), less disposals, exceeds depreciation ($784,445) in the period.		2,241,706
Contributions made by the employer to the pension plan and OPEB plan in the current fiscal year are not included in the Statement of Activities.		(1,577,119)
Governmental Funds report the effect of discounts when debt is first issued, whereas these amounts are d ferred and amortized in the Statement of Activities. This is the amount of amortization of bond discounts in the current period.		(13,488)
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		290,000
Change in net position of governmental activities	$	(302,725)

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Gray Collegiate Academy, Inc. ("the School") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Government Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2014. Through June 30, 2018, the School operated within the South Carolina Public Charter School District. The School transferred to The Charter Institute at Erskine ("the Institute") effective July 1, 2018 and has operated under the Institute since. The School serves approximately 870 students from grade six through grade twelve in Lexington County, South Carolina, with a focus on earning college credits in conjunction with a high school diploma.

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. An initial charter is granted for a five-year period, renewable every five to ten years thereafter.

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 Charter Institute at Erskine. A component unit, although a legally separate entity, is, in substance, part of the Institute's operations.

Blended Component Unit – Gray Collegiate Academy, Limited Partnership ("the Partnership") was formed on January 30, 2014, for the purpose of securing capital to advance funding to the developer and owner of the School's new facility. In order to access the EB-5 Immigrant Investor Program ("EB-5") funding, the Partnership is required to employ all teachers and staff associated with the School. The Partnership received $2,000,000 in capital advanced from four partners during the fiscal year ended June 30, 2014. The Partnership immediately advanced these proceeds to American Charter Development, the developer and owner of the School's facility. In 2019, two of the limited partners were repaid and withdrew from the Partnership. There are no set repayment terms on the remaining advances. The partnership is comprised of the Pinnacle Charter Management Group (a related party), Education Fund of America ("EFA"), a Special General Partner who secures the EB-5 investments, and two limited partners, who are the EB-5 investors. Pinnacle Charter Management Group is the general partner and is a greater than 50% owner in the partnership. However, the intent of the Partnership is for School use/benefit, therefore, the School and the Partnership have substantively the same governing body and a financial benefit or burden relationship. Therefore, the operations of the Partnership are blended with the operation of the School as required by accounting principles generally accepted in the United State of America. The partnership activities are tracked as a separate fund within the Special Projects Fund.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-Wide and Fund Financial Statements, Continued

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. Separate financial statements are provided for the Governmental Funds. Major individual Governmental Funds are reported as separate columns in the Fund Financial Statements.

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.

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. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures, capital improvement costs, and debt service expenditures that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

- The Special Revenue Fund accounts for specific revenue sources 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 Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

2) Bond Fund

Monies deposited into this fund are used solely for the payment of principal and interest on the bonds on each principal and interest payments date.

3) Bond Reserve Fund

Monies deposited into this fund may be used for the payment of principal and interest in the event monies in the bond funds are insufficient to make payments.

4) Bond Project Fund

Monies deposited into this fund are available for costs of the project.

5) 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.

6) 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" on the Statement of Net Position. The transactions between funds are eliminated in the governmental activities' columns of the Statement of Net Position.

7) Notes Receivable

Amounts advanced to American Charter Development to assist in financing construction of a facility are recorded as notes receivable. As of June 30, 2024, the balance of these notes receivable was $1,000,000.

8) Capital Assets

Capital assets include building improvements, vehicles, and equipment. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000. 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 an estimated useful life of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

Description	Governmental Activities Estimated Lives
Building	30 Years
Equipment	4 - 10 Years
Vehicles	6 Years
Building Improvements	5 Years

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

9) Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On Governmental Fund Financial Statements, receivables that will not be collected within the available period are also reported as unearned revenue.

10) 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.

11) Pension Plan

Effective July 1, 2022, the School became a participating employer in the South Carolina Retirement System (“SCRS”). In Government-Wide Financial Statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The School recognizes a net pension liability (“NPL”), which represents the School’s proportionate share of the excess of the total pension liability (“TPL”) over the fiduciary net position of the qualified pension plan, measured as of the School’s fiscal year-end. Changes in the NPL during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in NPL that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12) Postemployment Benefits Other Than Pensions

Effective July 1, 2022, the School became a participating employer in the SCRS. In Government-Wide Financial Statements, postemployment benefits other than pensions (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the modified accrual basis of accounting. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. School contributions to the pension and OPEB plans subsequent to the measurement date and the net difference between expected and actual experience in the pension and OPEB plans are included as deferred outflows of resources. These deferred charges are either (a) recognized in the subsequent period as a reduction of the net pension and OPEB liability (which includes pension and OPEB contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension and OPEB expense in future periods in accordance with GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

13) Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension and OPEB plan investments are included as deferred inflows of resources. These deferred credits are amortized in a systematic and rational way as a reduction to pension and OPEB expense in future periods in accordance with GAAP.

14) 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. Then any remaining fund balance amounts for the non-general funds. 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. The School has $2,363,181 in fund balances restricted under the terms of its bond agreements and $172,222 in fund balances restricted for its student activity funds.

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.

15) Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

16) 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.

17) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 approval of the School's Board. The legal level of control is at the fund level. The administration has discretionary authority to make transfers between appropriation accounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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) 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) 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);
6) Repurchase agreements.

At June 30, 2024, the School's carrying amount of deposits was $3,054,681, all of which was covered by FDIC insurance or collateralized.

Cash balances of $2,363,181 at June 30, 2024 are maintained in the bond fund, bond reserve fund, and project fund, and are restricted under the terms of a loan agreement.

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the School's deposits or investments might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the state of South Carolina. Cash balances are insured by the FDIC up to $250,000 per bank, and remaining balances are collateralized.

The School does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The School places no limit on the amount the School may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases/ Reclass	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,942,627	$ -	$ -	$ 1,942,627
Construction in progress	12,221,814	-	(12,221,814)	-
	14,164,441	-	(12,221,814)	1,942,627
Capital assets, being depreciated:				
Buildings	8,117,873	2,535,994	12,221,814	22,875,681
Building improvements	197,540	205,766	-	403,306
Land improvements	290,156	102,020	-	392,176
Equipment	782,730	129,575	-	912,305
Vehicles	120,747	52,796	-	173,543
	9,509,046	3,026,151	12,221,814	24,757,011
Less accumulated depreciation for:				
Buildings	2,561,279	677,498	-	3,238,777
Building improvements	44,392	21,903	-	66,295
Land improvements	101,636	23,950	-	125,586
Equipment	590,482	40,936	-	631,418
Vehicles	76,871	20,158	-	97,029
	3,374,660	784,445	-	4,159,105
Total capital assets being depreciated, net	6,134,386	2,241,706	-	20,597,906
Governmental Activities capital assets, ne	$ 20,298,827	$ 2,241,706	$ -0-	$ 22,540,533

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
Instruction	$ 627,556
Support	156,889
Total depreciation expense - Governmental Activities	$ 784,445

The School completed its construction projects for its gymnasium, classroom and cafeteria additions. The amount expended on these projects had been included in construction in progress and was transferred to the appropriate capital asset accounts as of June 30, 2024.

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Due to/From Other Funds

Interfund balances at June 30, 2024, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	$ -	$ 142,895
Special Revenue Funds:		
Special Projects Fund	137,045	-
Education Improvement Act Fund	5,850	-
	$ 142,895	$ 142,895

The General Fund payable is a result of the General Fund owing the Special Projects Fund and EIA Fund for funds received that are not yet expended.

The General Fund received transfers of $1,572,224 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid.

D. Long-Term Debt Obligations

Note payable to Partnership Investors – As part of the EB-5 program, the Partnership entered into an agreement with four limited partners on May 7, 2014. Each advanced $500,000 to the Partnership, for a total of $2,000,000. In return for these advances, under the EB-5 program, the limited partners are entitled to temporary US Work Visas. In 2019, two of the limited partners were repaid and withdrew from the Partnership. (The repayment of advances in 2019 was not recognized in the financial statements for the year ended June 30, 2021. The repayment reduced notes receivable and notes payable by $1,000,000, having no impact on the net position of the School.) The Partnership expects to repay the remaining advances of $1,000,000, and therefore, the School has elected to treat these advances to the Partnership as notes payable in the Statement of Net Position. Under the partnership agreement, there is no specific due date of these obligations and there is no provision whereby the advance is payable upon request of the partner. Therefore, these notes have been treated as long-term obligations.

Economic Development Revenue Bonds – On December 1, 2019, the School issued $9,940,000 and $385,000 in economic development revenue bonds Series 2019A and Series 2019B, respectively, with a bond discount of $190,688. A portion of the bonds mature annually on June 15th of each year. Interest is paid semi-annually each year. The bond coupon rates range from 5.60% - 6.00%.

Economic Development Revenue Bonds – On December 10, 2021, the School issued $14,410,000 and $200,000 in economic development revenue bonds Series 2021A and Series 2021B, respectively, with a bond discount of $211,845. A portion of the bonds mature annually on June 15th of each year. Interest is paid semi-annually each year. The bond coupon rates range from 4.75% - 5.25%.

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-Term Debt Obligations, Continued

These bonds are subject to covenants for debt service coverage ratio, days of cash on hand, and certain other covenants. The debt service coverage ratio of 1.15:1.0 requirement is tested on each quarter ending date. The days of cash on hand requirement of 45 days is tested as of June 30 of each year. There is a requirement that ninety percent of accounts payable balances must be no more than 60 days old and ten percent no more than 90 days old. At June 30, 2024, management believes it is in compliance with the financial bond covenants.

The annual requirements to amortize the economic development revenue bonds outstanding as of June 30, 2024, are as follows:

Year Ending June 30	Bond Principal
2025	$ 305,000
2026	320,000
2027	340,000
2028	360,000
2029	380,000
2029 - 2033	1,955,000
2034 - 2038	2,510,000
2039 - 2043	3,255,000
2044 - 2048	4,190,000
2049 - 2053	5,600,000
2054 - 2058	4,975,000
	$ 24,190,000

Interest expense for the year ended June 30, 2024 was $1,245,384.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Economic development revenue bonds	$ 24,480,000	$ -	$ (290,000)	$ 24,190,000	$ 305,000
Unamortized bond discount	(369,509)	-	13,488	(356,021)	(13,488)
Total bonds payable	24,110,491	-0-	(276,512)	23,833,979	291,512
Notes payable to Partnership investors	1,000,000	-	-	1,000,000	-
Total note payable	1,000,000	-0-	-0-	1,000,000	-0-
Total long-term obligations	$ 25,110,491	$ -0-	$ (276,512)	$ 24,833,979	$ 291,512

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. Employee Retirement Systems and Pension Plan

Effective July 1, 2022, the School began participating in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA") which was created July 1, 2012, and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("the PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the trust funds. The Retirement System Investment Commission, created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the NPL, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

Plan Descriptions – The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, higher education institutions, other participating local subdivisions of government ,and first-term individuals elected to the South Carolina General Assembly.

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-time individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Plan Membership – Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, newly hired state, public higher education institution, and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits – Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the Code of Laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below:

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Funding Policy – Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to rise by 1 percentage point each year until reaching 18.56% for SCRS and 21.24% for PORS but may be increased further if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in the statute.

Pension reform legislation modified the statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally. Under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

As noted above, both employees and the School are required to contribute to the plans at rates established and as amended by the PEBA. The School's contributions are actuarially determined but are communicated to and paid by the School as a percentage of the employees' annual eligible compensation.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Contribution Summary – Required employer and employee contribution rates for the past two years are as follows:

	SCRS and State ORP Rates		PORS Rates	
	2024	2023	2024	2023
Employer Contribution Rate:^				
Retirement*	18.41%	17.41%	20.84%	19.84%
Incidental Death Benefit	0.15%	0.15%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.20%	0.20%
	18.56%	17.56%	21.24%	20.24%
Employee Contribution Rate	9.00%	9.00%	9.75%	9.75%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The required contributions and percentages of amounts contributed by the School to the plans for the past two years were as follows:

Year Ended June 30,	SCRS Contributions Required	SCRS % Contributed	State ORP Contributions Required	State ORP % Contributed	PORS Contributions Required	PORS % Contributed
2024	$ 552,709	100%	$ 19,308	100%	$ 197,056	100%
2023	341,052	100%	18,399	100%	164,633	100%

Eligible payrolls of the School covered under the plans for the past two years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	PORS Payroll	Total Payroll
2024	$ 2,638,218	$ 465,024	$ 90,900	$ 3,194,142
2023	1,971,430	584,501	90,900	2,646,831

Actuarial Assumptions – Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the NPL are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The state of South Carolina statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2023, TPL, NPL, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2022. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023:

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return*	7.00%	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually

*Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020.

Assumptions used in the determination of the June 30, 2023 total pension liability are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investments fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets:			
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that system's fiduciary net position. NPL totals, as of June 30, 2023, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 58,464,402,454	$ 34,286,961,942	$ 24,177,440,512	58.6%
PORS	$ 9,450,021,576	$ 6,405,925,370	$ 3,044,096,206	67.8%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirement of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2024, the School reported a liability of $4,527,755 and $141,903 for its proportionate share of the PEBA's NPL for the SCRS and PORS systems, respectively. The NPL was measured as of June 30, 2023, and the TPL used to calculate the NPL was determined based on the most recent actuarial valuation report as of July 1, 2023 that was projected forward to the measurement date. The School's proportion of the NPL was based on a projection of the School's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the School's SCRS proportion was 0.018727%, which was an increase of 0.003462% from its proportion measured as of June 30, 2022. At the June 30, 2023 measurement date, the School's PORS proportion was 0.004662%, which was an increase of 0.00018% from its proportion measured as of June 30, 2022.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2024, the School recognized pension expense of $1,634,441 and $52,151 for its proportionate share of the PEBA's pension expense for SCRS and PORS, respectively. At June 30, 2024, the School reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Net difference between expected and actual experience	$ 78,610	$ 12,556
Assumption changes	69,371	-
Net difference between projected and actual earnings on pension plan investments	445,010	451,207
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	3,179,738	-
District contributions subsequent to the measurement date	552,709	-
Total SCRS	4,325,438	463,763
PORS		
Net difference between expected and actual experience	6,678	1,750
Assumption changes	3,089	-
Net difference between projected and actual earnings on pension plan investments	20,292	20,536
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	98,515	-
District contributions subsequent to the measurement date	19,308	-
Total PORS	147,882	22,286
Total SCRS and PORS	$ 4,473,320	$ 486,049

$552,709 and $19,308 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

	Deferred Outflows (Inflows) of Resources		
Year Ended June 30,	SCRS	PORS	Total
2025	$ 1,270,599	$ 39,477	$ 1,310,076
2026	1,102,922	32,466	1,135,388
2027	938,098	34,496	972,594
2028	(2,656)	(148)	(2,804)
	$ 3,308,963	$ 106,291	$ 3,415,254

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the system's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Pension Liability Sensitivity - The following table presents the School's proportionate share of the NPL, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the NPL would be if it were calculated using a discount rate 1% point lower or 1% point higher than the current discount rate:

Asset Class	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability:			
SCRS	$ 5,850,291	$ 4,527,755	$ 3,428,509
PORS	200,175	141,903	94,170

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

C. Other Post-Employment Benefits Trust Funds

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts, and retirement systems.

The Laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV. B. for more details on the PEBA and the SFAA.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and, therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions – The Other Post-Employment Benefits Trust Funds ("OPEB Trusts") collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), which were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

Plan Descriptions, continued

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Plan Benefits – The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008, and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public-school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability ("NOL") and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School, no SCLTDITF OPEB amounts have been recorded in these financial statements, and only limited note disclosures have been provided related to these benefits.

Funding Policy – Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2024, was 6.35%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums' structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits' reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits' reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The covered payroll surcharge rates for the past two years were as follows:

	Year Ended June 30,	
	2024	**2023**
Employer Contribution Rate:^	6.35%	6.25%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

Funding Policy, continued

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School covered by the SCRHITF for the past two years were as follows:

Year Ended	Contributions		
June 30,	Required	% Contributed	Eligible Payroll
2024	$ 197,056	100%	$ 3,103,242
2023	154,633	100%	2,646,831

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School approximately $860 for the year ended June 30, 2022 (measurement period). The contributions from these non-employer contributing entities are recognized as state revenues and intergovernmental expenditures in the School's governmental fund financial statements.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective NOL arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the NOL, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Actuarial Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the School's Contributions, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about the School's NOL, funded status of the OPEB Plan, and the School's contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The total OPEB liability ("TOL"), net OPEB liability ("NOL"), and sensitivity information were determined by the consulting actuary and are based on an actuarial valuation performed as of June 30, 2022. TOL was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2023 using generally accepted actuarial principles.

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

Actuarial Assumptions, continued

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Individual Entry - Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.86% as of June 30, 2023
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 13 years
Aging Factores:	Based on plan specifc experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes:	The discount rate changed from 3.69% as of June 30, 2022, to 3.86% as of June 30, 2023.

Long-term Expected Rate of Return – The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			**2.75%**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The NOL is calculated separately for each system and represents that particular system's TOL determined in accordance with GASB No. 74, less its fiduciary net position.

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

The following table represents the components of the NOL as of the June 30, 2023, measurement date, as well as the five prior years:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

Fiscal Year Ending	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
June 30, 2023	$ 14,749,639,155	$ 1,658,152,923	$ 13,091,486,232	11.24%
June 30, 2022	$ 16,835,502,593	$ 1,623,661,403	$ 15,211,841,190	9.64%
June 30, 2021	$ 22,506,597,989	$ 1,683,416,992	$ 20,823,180,997	7.48%
June 30, 2020	$ 19,703,745,672	$ 1,652,299,185	$ 18,051,446,487	8.39%
June 30, 2019	$ 16,516,264,617	$ 1,394,740,049	$ 15,121,524,568	8.44%
June 30, 2018	$ 15,387,115,010	$ 1,216,530,062	$ 14,170,584,948	7.91%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary are for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

At June 30, 2024, the School reported a liability of $3,295,651 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2023, and the TOL for the SCRHITF used to calculate the NOL was determined by an actuarial valuation as of June 30, 2022, that was projected forward to the measurement date. The School's proportion of the NOL was based on a projection of the School's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023, measurement date, the School's proportion was 0.025174%, which was an increase of 0.000250% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School recognized OPEB expense of $729,501 for its proportionate share of the PEBA's OPEB expense for SCRHITF. At June 30, 2024, the School reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to SCRHITF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	$ 58,306	$ 751,004
Assumption changes	661,146	1,058,582
Net difference between projected and actual earnings on OPEB plan investments	36,254	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	-
School contributions subsequent to the measurement date	197,055	-
	$ 952,761	$ 1,809,586

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

$197,055 reported as deferred outflows of resources related to the School's contributions subsequent to the measurement date to the SCRHITF will be recognized as a reduction of the NOL in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to the SCRHITF will be recognized in OPEB expense as follows:

Year Ended June 30		Deferred Outflows (Inflows) of Resources
2025	$	(147,954)
2026		(147,587)
2027		(223,866)
2028		(246,920)
Thereafter		(287,553)
	$	(1,053,880)

Discount Rate – The discount rate of 3.86% was used to measure the TOL for the SCRHITF. The accounting policy for this plan is to set the single discount rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

OPEB Liability Sensitivity – The following table presents the School's proportionate share of the SCRHITF's NOL calculated using a single discount rate of 3.86%, as well as what the School's NOL would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

		1% Decrease (2.86%)		Discount Rate (3.86%)		1% Increase (4.86%)
School's proportionate share of the SCRHITF net OPEB liability	$	3,890,382	$	3,295,651	$	2,815,995

Regarding the sensitivity of the SCRHITF's NOL to changes in the healthcare cost trend rates, the following table presents the School's proportionate share of the SCRHITF's NOL, calculated using the assumed trend rates as well as what the School's NOL would be if it were calculated using a trend rate that is one percent lower or one percent higher:

		1% Decrease		Current Healthcare Cost Trend Rate		1% Increase
School's proportionate share of the SCRHITF net OPEB liability	$	2,736,513	$	3,295,651	$	4,014,022

OPEB Plan Fiduciary Net Position – Detailed information regarding the fiduciary net position of the OPEB Plans administered by PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post-Employment Benefits Trust Funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

IV. OTHER INFORMATION, Continued

D. 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.

E. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 31, 2024, the date the financial statements were available to be issued. There were no such events requiring recording for the year ended June 30, 2024.

Schedule 1-A

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability - SCRS
June 30, 2024

Year	School's proportion of the net pension liability	School's proportionate share of the net pension liability	School's covered-employee payroll	School's proportionate share of the net pension liability as a percentage of the covered-employee	Plan fiduciary net position as a percentage of the total pension liability
2024	0.018727%	$ 4,527,755	$ 3,103,232	145.90%	58.60%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability - PORS
June 30, 2024

Year	School's proportion of the net pension liability	School's proportionate share of the net pension liability	School's covered-employee payroll	School's proportionate share of the net pension liability as a percentage of the covered-employee	Plan fiduciary net position as a percentage of the total pension liability
2024	0.004662%	$ 141,903	$ 90,900	156.11%	67.80%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of District Contributions - SCRS
June 30, 2024

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	School's covered-employee payroll	Contributions as percentage of covered-employee payroll
2024	$ 552,709	$ 552,709	$ -0-	$ 3,103,232	17.81%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

Schedule 2-B

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of District Contributions - PORS
June 30, 2024

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	School's covered-employee payroll	Contributions as percentage of covered-employee payroll
2024	$ 19,308	$ 19,308	$ -0-	$ 90,900	21.24%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2024

SCRHITF Year	School's proportion of the net OPEB liability	Schools proportionate share of the net OPEB liability	School's covered-employee payroll	School's proportionate share of the net OPEB liability as a percentage of the covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.021574%	$ 3,295,651	$ 3,103,232	106.20%	11.24%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

Schedule 4

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of District Contributions - OPEB Plan
June 30, 2024

SCRHITF Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	School's covered-employee payroll	Contributions as percentage of covered-employee payroll
2024	$ 197,055	$ 197,055	$ -0-	$ 3,103,232	6.35%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the School will present information for those years which information is available.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue from local sources			
1300 Tuition			
1310 Tuition from patrons for regular day school	$ 30,000	$ 140,790	$ 110,790
1500 Earnings on investments			
1510 Interest on investments	25,000	203,229	178,229
1700 Pupil activities			
1790 Other pupil activity income	10,000	9,770	(230)
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	125,000	132,186	7,186
Total local sources	190,000	485,975	295,975
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	8,660,994	7,667,835	(993,159)
3181 Retiree insurance (no carryover provision)	-	116,503	116,503
3300 State aid to classrooms - Education Finance Act (EFA)			
3392 NBC excess EFA formula	-	20,654	20,654
Total state sources	8,660,994	7,804,992	(856,002)
Total revenues all sources	8,850,994	8,290,967	(560,027)
EXPENDITURES			
100 Instruction			
110 General instruction			
113 Elementary programs			
100 Salaries	548,500	541,501	6,999
200 Employee benefits	228,266	201,476	26,790
300 Purchased services	8,250	7,554	696
400 Supplies and materials	6,500	13,562	(7,062)
600 Other objects	-	346	(346)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
110 General instruction			
114 High school programs			
100 Salaries	$ 1,123,500	$ 1,165,318	$ (41,818)
200 Employee benefits	522,976	370,753	152,223
300 Purchased services	13,750	37,909	(24,159)
400 Supplies and materials	32,000	53,440	(21,440)
500 Capital outlay	5,000	-	5,000
600 Other objects	-	350	(350)
115 Career and Technology Education programs			
100 Salaries	53,200	25,133	28,067
200 Employee benefits	15,820	3,051	12,769
300 Purchased services	2,000	-	2,000
400 Supplies and materials	1,500	132	1,368
120 Exceptional programs			
125 Hearing handicapped			
300 Purchased services	-	3,320	(3,320)
126 Speech handicapped			
300 Purchased services	-	4,949	(4,949)
127 Learning disabilities			
100 Salaries	95,700	104,449	(8,749)
200 Employee benefits	19,114	40,309	(21,195)
300 Purchased services	800	350	450
400 Supplies and materials	400	70	330
170 Summer school programs			
175 Instructional programs beyond regular school day			
100 Salaries	6,000	1,026	4,974
200 Employee benefits	1,839	1,909	(70)
Total instruction	2,685,115	2,576,907	108,208
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	57,294	85,190	(27,896)
200 Employee benefits	27,298	22,678	4,620
400 Supplies and materials	1,125	225	900

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
213 Health services			
100 Salaries	$ 56,000	$ 15,133	$ 40,867
200 Employee benefits	26,888	2,028	24,860
300 Purchased services	500	14,531	(14,031)
400 Supplies and materials	2,500	756	1,744
600 Other objects	-	45	(45)
214 Psychological services			
400 Supplies and materials	-	24,570	(24,570)
217 Career specialist services			
200 Employee benefits	-	21	(21)
230 General administrative services			
231 Board of education			
300 Purchased services	99,000	161,033	(62,033)
318 Audit services	2,500	12,000	(9,500)
400 Supplies and materials	-	134	(134)
600 Other objects	45,500	308,033	(262,533)
233 School administration			
100 Salaries	417,489	427,364	(9,875)
200 Employee benefits	176,774	163,685	13,089
300 Purchased services	31,700	83,689	(51,989)
400 Supplies and materials	36,500	82,841	(46,341)
500 Capital outlay	3,500	23,000	(19,500)
600 Other objects	160,000	190,382	(30,382)
250 Finance and operations services			
252 Fiscal services			
100 Salaries	192,160	207,433	(15,273)
200 Employee benefits	81,516	87,124	(5,608)
300 Purchased services	2,500	14,021	(11,521)
400 Supplies and materials	7,000	1,859	5,141
600 Other objects	10,500	18,787	(8,287)
253 Facilities acquisition and construction			
300 Purchased services	-	473,129	(473,129)
500 Capital outlay			
520 Construction services	375,000	2,180,100	(1,805,100)
540 Equipment	-	93,316	(93,316)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and maintenance of plant			
100 Salaries	$ 89,400	$ 150,166	$ (60,766)
200 Employee benefits	34,048	47,465	(13,417)
300 Purchased services	115,400	309,531	(194,131)
321 Public util (excl gas, oil, elect & oth heating fuels)	30,000	29,684	316
400 Supplies and materials	70,000	15,017	54,983
470 Energy (incl gas, oil, elect & oth heating fuels)	160,000	158,805	1,195
500 Capital outlay	-	7,593	(7,593)
255 Student transportation (state mandated)			
300 Purchased services	-	52,402	(52,402)
600 Other objects	11,500	5,151	6,349
258 Security			
100 Salaries	42,200	52,750	(10,550)
200 Employee benefits	28,226	26,052	2,174
300 Purchased services	-	906	(906)
400 Supplies and materials	250	-	250
260 Central support services			
266 Technology and data processing services			
100 Salaries	131,600	168,400	(36,800)
200 Employee benefits	56,562	71,015	(14,453)
300 Purchased services	54,100	84,323	(30,223)
400 Supplies and materials	10,000	26,809	(16,809)
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	245,800	358,583	(112,783)
200 Employee benefits	119,344	137,694	(18,350)
300 Purchased services	105,000	300,326	(195,326)
400 Supplies and materials	198,000	187,271	10,729
500 Capital outlays	-	82,342	(82,342)
600 Other objects	-	17,712	(17,712)
271 Pupil service activities	-	17,884	(17,884)
Total support services	3,314,674	7,000,988	(3,686,314)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
500 Debt services			
610 Redemption of principal	$ 290,000	$ 290,000	$ -
620 Interest	1,310,000	1,245,384	64,616
Total debt services	1,600,000	1,535,384	64,616
Total expenditures	7,599,789	11,113,279	(3,513,490)
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	-	1,572,224	1,572,224
Total other financing sources (uses)	-	1,572,224	1,572,224
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	$ 1,251,205	(1,250,088)	$ (2,501,293)
FUND BALANCE, July 1, 2023		4,159,592	
FUND BALANCE, June 30, 2024		$ 2,909,504	

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Total
REVENUES									
1000 Revenue from local sources									
1500 Earnings on investments									
1510 Interest on investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 414	$ 414
1700 Pupil activities									
1790 Other pupil activity income	-	-	-	-	-	-	-	694,272	694,272
1900 Other revenue from local sources									
1910 Rentals	-	-	-	-	-	-	-	4,075	4,075
1920 Contrib and donations from private sources	-	-	-	-	-	-	-	101,652	101,652
Total local sources	-	-	-	-	-	-	-	800,413	800,413
3000 Revenue from state sources									
3187 Teacher supplies (no carryover)	-	-	-	-	-	10,150	-	-	10,150
3190 Miscellaneous restricted state grants									
3193 Education license plates	-	-	-	-	-	14	-	-	14
Total state sources	-	-	-	-	-	10,164	-	-	10,164
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins,Title I-CATE-basic state grants	-	-	-	8,049	-	-	-	-	8,049
4300 Elementary and Secondary Educ Act of 1965 (ESEA)									
4351 Supporting effective instruction	-	-	-	-	-	-	28,739	-	28,739

* See Schedule 7 for a listing of LEA subfund codes for each program

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Total
4500 Programs for children with disabilities									
4510 Individ with Disabil Educ Act (IDEA)	$ -	$ 9,376	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,376
4900 Other federal sources									
4974 ESSER III	-	-	-	-	-	-	1,036,042	-	1,036,042
4977 ESSER II	-	-	-	-	-	-	35,246	-	35,246
Total federal sources	-	9,376	-	8,049	-	-	1,100,027	-	1,117,452
Total revenues all sources	-	9,376	-	8,049	-	10,164	1,100,027	800,413	1,928,029
EXPENDITURES									
100 Instruction									
110 General instruction									
113 Elementary programs									
100 Salaries	-	-	-	-	-	-	201,633	-	201,633
200 Employee benefits	-	-	-	-	-	-	81,160	-	81,160
300 Purchased services	-	-	-	-	-	-	17,692	-	17,692
400 Supplies and materials	-	-	-	-	-	3,514	36,775	-	40,289
114 High school programs									
100 Salaries	-	-	-	-	-	-	67,109	-	67,109
200 Employee benefits	-	-	-	-	-	-	77,484	-	77,484
300 Purchased services	-	-	-	-	-	-	30,383	-	30,383
400 Supplies and materials	-	-	-	-	-	4,200	64,029	-	68,229

* See Schedule 7 for a listing of LEA subfund codes for each program

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Student Activity Funds (700s)	Total
115 Career and Technology Educ programs									
100 Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ 103,333	$ -	$ 103,333
200 Employee benefits	-	-	-	-	-	-	48,694	-	48,694
400 Supplies and materials	-	-	-	8,049	-	700	-	-	8,749
127 Learning disabilities									
400 Supplies and materials	-	-	-	-	-	350	-	-	350
170 Summer school programs									
175 Instruct prog beyond regular school day									
100 Salaries	-	-	-	-	-	-	11,498	-	11,498
200 Employee benefits	-	-	-	-	-	-	2,162	-	2,162
Total instruction	-	-	-	8,049	-	8,764	741,952	-	758,765
200 Support services									
210 Pupil services									
212 Guidance services									
100 Salaries	-	-	-	-	-	-	169,680	-	169,680
200 Employee benefits	-	-	-	-	-	-	81,554	-	81,554
400 Supplies and materials	-	-	-	-	-	1,400	-	-	1,400
213 Health services									
100 Salaries	-	-	-	-	-	-	57,233	-	57,233
200 Employee benefits	-	-	-	-	-	-	27,869	-	27,869
220 Instructional staff services									
223 Supervision of special programs									
100 Salaries	-	7,073	-	-	-	-	-	-	7,073
200 Employee benefits	-	2,303	-	-	-	-	-	-	2,303

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Student Activity Funds (700s)	Total
260 Central support services									
264 Staff services									
100 Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,739	$ -	$ 21,739
270 Support services - pupil activity									
271 Pupil service activities									
100 Salaries	-	-	-	-	-	-	-	750	750
200 Employee benefits	-	-	-	-	-	-	-	244	244
300 Purchased services	-	-	-	-	-	-	-	104,694	104,694
400 Supplies and materials	-	-	-	-	-	-	-	317,702	317,702
600 Other objects	-	-	-	-	-	-	-	154,748	154,748
660 Pupil activity	-	-	-	-	-	-	-	125,124	125,124
Total support services	-	9,376	-	-	-	1,400	358,075	703,262	1,072,113
300 Community services									
390 Other community services									
300 Purchased services	-	-	-	-	-	-	-	16,487	16,487
400 Supplies and materials	-	-	-	-	-	-	-	6,263	6,263
600 Other objects	-	-	-	-	-	-	-	68,137	68,137
Total community services	-	-	-	-	-	-	-	90,887	90,887
Total expenditures	-	9,376	-	8,049	-	10,164	1,100,027	794,149	1,921,765

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Student Activity Funds (700s)	Total
OTHER FINANCING SOURCES (USES)									
Interfund transfers from (to) other funds:									
5210 Transfer from General Fund (excludes IC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,264	6,264
FUND BALANCE, July 1, 2023	-0-	-0-	-0-	-0-	-0-	-0-	-0-	165,958	165,958
FUND BALANCE, June 30, 2024	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 172,222	$ 172,222

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2024

LEA Subfund Code	Program	Revenue	Revenue Code
OTHER RESTRICTED STATE GRANTS			
917	Teacher supplies (no carryover)	$ 10,150	3187
919	Education license plates	14	3193
		$ 10,164	
OTHER SPECIAL REVENUE PROGRAMS			
267	Supporting effective instruction	$ 28,739	4351
218	ESSER III	1,036,042	4974
225	ESSER II	35,246	4977
		$ 1,100,027	

Schedule 8

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2024

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/(Out)	Special Revenue Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
917	3187	Teacher supplies (no carryover)	$ 10,150	$ 10,150	$ -	$ -	$ -
919	3193	Education license plates	14	14	-	-	-
			$ 10,164	$ 10,164	$ -0-	$ -0-	$ -0-

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2024

REVENUES	
3000 Revenue from state sources	
3500 Education improvement act	
3503 State aid to classrooms	$ 1,572,224
3526 Refurbishment of science kits	8,420
3529 Career and Technology Education	9,722
3577 Teacher supplies (no carryover provision)	4,550
3595 EEDA - supplies and materials	543
Total state sources	1,595,459
Total revenues all sources	1,595,459
EXPENDITURES	
100 Instruction	
110 General instruction	
113 Elementary programs	
400 Supplies and materials	366
114 High school programs	
400 Supplies and materials	12,604
115 Career and Technology Education programs	
400 Supplies and materials	9,047
Total instruction	22,017
200 Support services	
210 Pupil services	
212 Guidance services	
400 Supplies and materials	543
220 Instructional staff services	
224 Improvement of instruction inserv and staff training	
300 Purchased services	675
Total support services	1,218
Total expenditures	23,235

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2024

OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	$ (1,572,224)
Total other financing sources (uses)	(1,572,224)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-
FUND BALANCE, July 1, 2023	-0-
FUND BALANCE, June 30, 2024	$ -0-

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2024

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In(Out)	Other Fund Transfers In(Out)	EIA Fund Unearned
3500 Education Improvement Act					
3503 State aid to classrooms	$ 1,572,224	$ -	$ -	$ (1,572,224)	$ -
3519 Grade 10 assessments	-	-	-	-	1,674
3526 Refurbishment of science kits	8,420	8,420	-	-	2,538
3528 Industry certifications/credentials	-	-	-	-	-
3529 Career and Technology Education	9,722	9,722	-	-	-
3577 Teacher supplies (no carryover provision)	4,550	4,550	-	-	-
3595 EEDA - supplies and materials	543	543	-	-	1,176
TOTALS	$ 1,595,459	$ 23,235	$ -0-	$ (1,572,224)	$ 5,388

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2024

Program	Grant/ Project Number	Revenue & Subfund Codes	Description	Amount Due to SCDOE/Federal Government	Status of Payments
Grade 10 assessments	EIA FY23	3519/319	Unexpended allocation	$ 7,454.00	Unpaid as of 10/31/24
Refurbishment of science kits	EIA FY23	3526/326	Unexpended allocation	434.49	Unpaid as of 10/31/24
Industry certifications/ credentials	EIA FY23	3528/328	Unexpended allocation	1,179.48	Unpaid as of 10/31/24
EEDA - supplies and materials	EIA FY23	3595/395	Unexpended allocation	1,115.84	Unpaid as of 10/31/24
				$ 10,183.81	

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2024

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ________ Yes ___X___ No

Identification of major programs:

AL Numbers	Name of Federal Cluster or Program
84.425D, 84.425U	Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ________ Yes ___X___ No

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2024

Section II - Financial Statement/Compliance Findings

2024-01 **General Fund - Fund Balance**

Condition: The South Carolina Department of Education ("SDE") has adopted a statewide program for identifying fiscal practices and budgetary conditions that, if uncorrected, would compromise the fiscal integrity of a public charter school. This program establishes three levels for fiscal and budgetary concern and conditions and requirements associated with each. In order to avoid inclusion in one of these three concern levels, the SDE requires that the school maintain a General Fund fund balance of at least one month of average General Fund expenditures of the last two fiscal years. As of June 30, 2024, the School did not meet the criteria.

Criteria: Standards issued by the South Carolina Department of Education.

Cause: The School showed a significant decrease in its General Fund fund balance for the year ended June 30, 2024, caused primarily by the School expending $2,386,351 in capital expenditures to complete major additions to its educational facilities. This decrease caused the School's ending unassigned General Fund fund balance to decrease to $546,323. That balance is below the required minimum balance.

Effect: As a result of this condition, the School may be on fiscal watch by the SDE.

Recommendation: Management should continue to carefully budget and operate within the financial constraints of the School's funding and continue to increase its fund balance.

Response: The School recorded an increase of approximately $350,000 in its fund balance in July 2024 and showed an increase of approximately $425,000 for the first quarter of fiscal year 2025. The School's Board and management have plans in place to address the General Fund's fund balance levels over the next several budget years. The School is committed to maintaining its fund balance at a level that will ensure its fiscal integrity.

Section III - Federal Award Findings and Questioned Costs

None.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2024

Section I - Financial Statement Findings

None.

Schedule 14

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Subfund Code	Federal Grantor/ Pass-Through Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Total Expenditures
	U. S. DEPARTMENT OF EDUCATION			
	Passed through The Charter Institute at Erskine:			
	Special education cluster:			
203	Individuals with Disabilities Education Act (IDEA)	84.027	N/A	$ 9,376
	Total special education cluster			9,376
207	Perkins,Title I-CATE-basic state grants	84.048	N/A	8,049
267	Supporting effective instruction	84.367	N/A	28,739
225	ESSER II	84.425D	N/A	35,246
218	ESSER III	84.425U	N/A	1,036,042
	TOTAL U.S. DEPARTMENT OF EDUCATION			1,117,452
	TOTAL FEDERAL ASSISTANCE EXPENDED			$ 1,117,452

No amounts were passed through to subrecipients.

See accompanying notes to Schedule of Expenditures of Federal Awards

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the SEFA") includes the federal grant activity of Gray Collegiate Academy, Inc. under programs of the federal government for the year ended June 30, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Gray Collegiate Academy, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Gray Collegiate Academy, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Reconciliation of SEFA to the Financial Statements

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

Note 4 - Indirect Cost Rate

The District has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.

MARTIN · SMITH
& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON 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
Gray Collegiate Academy, Inc.
West Columbia, South Carolina

We have audited the financial statements of Gray Collegiate Academy, Inc. ("the School") as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024. 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.

Report on Compliance and Other Matters
As part of obtaining 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 grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under Government Auditing Standards.

Report on 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 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 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. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards. That matter is disclosed on the Schedule of Findings and Questioned Costs as finding 2024-01.

School's Response to Finding
The School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants
1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040

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 Gray Collegiate Academy, Inc.'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

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 31, 2024

MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Gray Collegiate Academy, Inc.
West Columbia, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Gray Collegiate Academy, Inc. ("the School") with the types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants
1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

<u>Report on Internal Control Over Compliance</u>

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 31, 2024