Academy of Hope, Inc.

(A Component Unit of
Horry County School District)

Conway, South Carolina

ANNUAL FINANCIAL REPORT
June 30, 2025

(With Independent Auditors' Report Thereon)

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Annual Financial Report
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MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

Board of Directors
Academy of Hope, Inc.
Conway, South Carolina

Opinion
We have audited the accompanying financial statements of the governmental activities and each major fund of Academy of Hope, Inc. ("the School"), a component unit of the Horry County School District, as of and for the year ended June 30, 2025, 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 in 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, 2025, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Academy of Hope, 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.

Emphasis of Matter Regarding Going Concern
The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed at Note IV. F. to the financial statements, the School has suffered recurring losses from operations and has a deficit in its net position and unassigned fund balance. These conditions raise substantial doubt about the School's ability to continue as a going concern. Management's response to this situation is also described in Note IV. F. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 performed for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of Academy of Hope, Inc.. 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. Such 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 such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 24, 2025

ACADEMY OF HOPE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

This discussion and analysis of Academy of Hope, Inc.'s ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2025. 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 liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by $2,727,621 (net deficit). The School had an investment in capital assets of $13,124. Therefore, the School showed an unrestricted net deficit position of $2,740,745.

The School's net position decreased by $152,537 during the current fiscal year, as compared to a decrease of $73,443 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were $13,124.

The School made its scheduled debt and lease payments during the year, paying off its note payable and lease liability.

Fund Financial Statements
As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of a deficit of $117,036, compared to a fund balance of $43,844 in the previous fiscal year.

During the 2025 fiscal year, the School's governmental fund-type revenues were $1,690,193. The School reported governmental fund-type revenues of $1,776,751 in the previous fiscal year. During the current fiscal year, the School's governmental fund-type expenditures were $1,851,073.

Overall
The 135-day student count decreased by 8, from 95 students in the prior year to 87 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 Balances 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 Academy of Hope, 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, liabilities exceeded assets by $2,727,621 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2025 compared to 2024:

Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	$ 49,688	$ 304,304
Capital assets	13,124	61,343
Total assets	62,812	365,647
Deferred Outflows of Resources	682,189	639,709
Liabilities		
Long-term liabilities	2,546,094	2,432,054
Other liabilities	166,724	143,137
Total liabilities	2,712,818	2,575,191
Deferred Inflows of Resources	759,804	1,005,249
Net Position (Deficit)		
Net investment in capital	13,124	15,452
Unrestricted net position (deficit)	(2,740,745)	(2,590,536)
Total net position (deficit)	$ (2,727,621)	$ (2,575,084)

During the fiscal year, net position of the School's governmental activities decreased by $152,537. Unrestricted net deficit 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 ($2,740,745) at June 30, 2025.

The following table shows the changes in net position for fiscal year 2025 and 2024:

Changes in Net Position

	Governmental Activities	
	2025	**2024**
Revenues		
Program revenues:		
Operating grants	$ 1,539,097	$ 1,719,590
Charges for services	-	2,514
General revenue:		
Other revenue	33,943	(8,522)
Total revenues	1,573,040	1,713,582
Program Expenses		
Instruction	844,994	984,979
Support services	878,964	796,621
Interest	1,619	5,425
Total expenses	1,725,577	1,787,025
Increase (decrease) in net position	$ (152,537)	$ (73,443)

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds
For the year ended June 30, 2025, the School's Governmental Funds reported combined fund balances of a deficit of $117,036 as compared to $43,844 for the prior year. The School's governmental revenue decreased by approximately $30,000 for the year on a decrease in student enrollment. Governmental expenses for instruction and support services increased slightly. These factors caused the decrease in fund balance in the current year.

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

General Fund Budgetary Highlights
The School's budget is prepared according to South Carolina Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2025, 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 2025, the School had $13,124 net investment in capital assets. The year-end total of capital assets was $645,208, with a total accumulated depreciation and amortization of $632,084. The depreciation expense taken during the year was $48,219, and capital asset additions were $0.

The following table shows fiscal 2025 compared to 2024:

Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2025	2024
Equipment	$ 4,402	$ 5,024
Vehicles	-	916
Leasehold improvements	8,722	13,012
Right of Use Asset - Building	-	42,391
Totals	$ 13,124	$ 61,343

Long-term Debt

At fiscal year-end, the School had no amounts owing in notes payable and lease obligations. The School made its scheduled note and lease payments during the year.

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 3521 Juniper Bay Road, Conway, South Carolina 29527.

Exhibit A

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 19,868
Due from other governmental units	21,707
Other receivables	299
Prepaid expenses	7,814
Capital assets	645,208
Less accumulated depreciation and amortization	(632,084)
Total capital assets, net of depreciation	13,124
Total assets	62,812
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	682,189
Total deferred outflows of resources	682,189
LIABILITIES	
Accounts payable and accrued expenses	146,701
Revenue collected in advance	1,409
Due to other governmental units	18,614
Long-term liabilities:	
Net pension and OPEB liability	2,546,094
Due within one year	-
Due in more than one year	-
Total liabilities	2,712,818
DEFERRED INFLOWS OF RESOURCES	
Deferred pension credits	759,804
Total deferred inflows of resources	759,804
NET POSITION (Deficit)	
Net investment in capital assets	13,124
Unrestricted net position (deficit)	(2,740,745)
Total net position (deficit)	$ (2,727,621)

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

Exhibit B

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 844,994	$ -	$ 753,677	$ (91,317)
Support services	878,964	-	783,976	(94,988)
Interest and other charges	1,619	-	1,444	(175)
Total governmental activities	1,725,577	-	1,539,097	(186,480)
Total	$ 1,725,577	$ -0-	$ 1,539,097	(186,480)
General revenues:				
Miscellaneous revenue				4,875
Unrestricted investment earnings				29,068
Total general revenues				33,943
Change in net position				(152,537)
Net position (deficit), beginning of year				(2,575,084)
Net position (deficit), end of year				$ (2,727,621)

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

Exhibit C

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2025

	General	Special Revenue	EIA	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 19,868	$ -	$ -	$ 19,868
Due from other governmental units	-	-	21,707	21,707
Other receivables	299	-	-	299
Due from other funds	19,471	17,787	-	37,258
Prepaid expenses	7,814	-	-	7,814
Total assets	$ 47,452	$ 17,787	$ 21,707	$ 86,946
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 146,701	$ -	$ -	$ 146,701
Due to other funds	17,787	-	19,471	37,258
Due to other governmental units	-	17,787	827	18,614
Unearned revenue	-	-	1,409	1,409
Total liabilities	164,488	17,787	21,707	203,982
Fund balances:				
Nonspendable	7,814	-	-	7,814
Unassigned	(124,850)	-	-	(124,850)
Total fund balances	(117,036)	-0-	-0-	(117,036)
Total liabilities and fund balances	$ 47,452	$ 17,787	$ 21,707	$ 86,946

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

Exhibit D

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balance - Governmental Funds	$	(117,036)
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 Governmental Funds. The cost of assets is $645,208, and the accumulated depreciation is $632,084.		13,124
Long-term liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		(2,546,094)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		-
Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		682,189
Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		(759,804)
Net position (deficit) of governmental activities	$	(2,727,621)

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

Exhibit E

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General	Special Revenue	EIA Fund	Total Governmental Funds
REVENUES				
Local	$ 151,097	$ -	$ -	$ 151,097
State	1,283,586	55,670	159,067	1,498,323
Federal	-	40,773	-	40,773
Intergovernmental	-	-	-	-
Total revenues all sources	1,434,683	96,443	159,067	1,690,193
EXPENDITURES				
Current:				
Instruction	762,321	40,773	81,358	884,452
Support services	706,656	201,810	10,500	918,966
Community services	-	-	-	-
Intergovernmental	-	170	-	170
Debt services:				
Redemption of principal	45,891	-	-	45,891
Interest and other	1,449	-	-	1,449
Capital outlay	145	-	-	145
Total expenditures	1,516,462	242,753	91,858	1,851,073
Excess (deficiency) of revenues over expenditures	(81,779)	(146,310)	67,209	(160,880)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	67,209	146,310	-	213,519
Operating transfers out	(146,310)	-	(67,209)	(213,519)
Total other financing sources (uses)	(79,101)	146,310	(67,209)	-
Net changes in fund balance	(160,880)	-0-	-0-	(160,880)
FUND BALANCE, July 1, 2024	43,844	-0-	-0-	43,844
FUND BALANCE, June 30, 2025	$ (117,036)	$ -0-	$ -0-	$ (117,036)

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

Exhibit F

ACADEMY OF HOPE, INC.
CONWAY, 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, 2025

Total net changes in fund balance - Governmental Funds	$	(160,880)
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 depreciation ($48,219) exceeds capital outlays in the period.		(48,219)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Governmental Funds. This amount represents the change in unavailable revenues in the current year.		(117,323)
Governmental Funds report certain non-employer OPEB contributions as revenue. However, in the Statement of Activities, such contributions are not recorded as revenue.		173
Governmental Funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which employer contributions ($202,073) exceeds the costs of benefits earned ($74,251).		127,822
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		45,890
Change in net position of governmental activities	$	(152,537)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Academy of Hope, 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

Academy of Hope, Inc. is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School was formed in June 2011. 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. The School operates within the Horry County School District ("the District"). The School serves approximately 90 students from kindergarten through grade eight in Horry County, South Carolina.

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 Horry County School District. A component unit, although a legally separate entity, is, in substance, part of the District's operations. The School has no component units for which it is considered to be financially accountable.

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 on revenues and expenses. These statements distinguish between Governmental and Business-type Activities of the School.

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

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

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

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 and the capital improvement costs 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.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources 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) Prepaid Items

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

3) Receivables and Payables

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

4) Capital Assets

Capital assets include 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 five to fifteen years.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

5) Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the Government-wide Financial Statements. In general, payables and accrued liabilities that will be paid from Governmental Funds are reported on the Governmental Fund Financial Statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources.

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.

6) Unearned Revenue

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

7) Compensated Absences

Vacation is noncumulative, and employees are not paid for unused vacation days. Sick pay is nonvesting. Due to these policies and other uncertainties, there is no vested or accumulated vacation or sick pay that is expected to be paid after year end.

8) Pension Plan

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.

9) Postemployment Benefits Other Than Pensions

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

10) 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 so 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.

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 so 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.

11) 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 are classified as restricted fund balance. The School has no restricted fund balances in its non-general funds. Committed fund balance amounts are established by the School board through motions passed at School Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

11) Fund Equity, continued

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.

12) 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.

13) 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.

14) 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 Charter Committee. The legal level of control is at the fund level. During the year, the School revised the budget. The administration has discretionary authority to make transfers between appropriation accounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2025, the School's carrying amount of deposits was $19,868, all was FDIC insured or collateralized. The School had no investments at June 30, 2025.

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.

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

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Equipment	$ 6,215	$ -	$ -	$ 6,215
Vehicles	172,180	-	-	172,180
Leasehold improvements	42,900	-	-	42,900
	221,295	-0-	-0-	221,295
Less accumulated depreciation for:				
Equipment	1,191	622	-	1,813
Vehicles	171,264	916	-	172,180
Leasehold improvements	29,888	4,290	-	34,178
	202,343	5,828	-0-	208,171
Total capital assets being depreciated, net	18,952	(5,828)	-0-	13,124
Lease assets, being amortized:				
Right of Use Asset - Building	423,913	-	-	423,913
	423,913	-0-	-0-	423,913
Less accumulated amortization for:				
Right of Use Asset - Building	381,522	42,391	-	423,913
	381,522	42,391	-0-	423,913
Total lease assets being amortized, net	42,391	(42,391)	-0-	-0-
Governmental Activities capital assets, net	$ 61,343	$ (48,219)	$ -0-	$ 13,124

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
Instruction	$ 38,575
Support	9,644
Total depreciation expense - Governmental Activities	$ 48,219

The School follows the guidance of GASB Statement 87 *Leases*. The School has recognized an intangible Right of Use Asset - Building in the amount of $423,913. This asset is being amortized over the remaining term of the related building lease.

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Due to/From Other Funds

Interfund balances at June 30, 2025, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	$ 19,471	$ 17,787
Special Revenue Funds:		
Special Projects Fund	17,787	-
Education Improvement Act Fund	-	19,471
	$ 37,258	$ 37,258

The General Fund receivable is a result of the Fund owing the General Fund for claims that were filed but not yet received. The General Fund payable is the result of the funds received on behalf of Special Revenue Fund but not yet expended.

The General Fund transferred funds of $146,310 to the Special Revenue Fund to help offset food service expenses. The EIA Fund transferred $67,209 to the General Fund to align funding within the fund from which the majority of expenditures are made.

C. Long-Term Obligations

In August 2019, the School obtained a loan for $59,940 for the purchase of a bus. The note is payable in 60 monthly installments of $1,065, including interest at 6.10%. The balance of this loan was paid in full during the year ended June 30, 2025.

The School follows the guidance of GASB Statement #87 *Leases.* The School recognized a lease liability relating to its building lease in the amount of $423,913. The lease was paid in full during the year ended June 30, 2025.

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	$ 1,065	$ -	$ (1,065)	$ -	$ -
Lease obligation - building lease	44,826	-	(44,826)	-	-
Total long-term obligations	$ 45,891	$ -0-	$ (45,891)	$ -0-	$ -0-

Interest expense for the year ended June 30, 2025, was $1,449.

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 Plans

The School participates 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.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Plan Descriptions, continued
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-term 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.

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.

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 Plans, Continued

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.

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

	SCRS and State ORP Rates		
	2025	**2024**	**2023**
Employer Contribution Rate:^			
Retirement*	18.41%	18.41%	17.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
	18.56%	18.56%	17.56%
Employee Contribution Rate	9.00%	9.00%	9.00%

^ 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.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Contribution Summary, continued
The required contributions and percentages of amounts contributed by the School to the plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2025	$ 144,160	100%	$ 5,581	100%
2024	146,124	100%	5,263	100%
2023	126,308	100%	5,399	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("the State") funded 1 percent of the SCRS contribution increases for the year ended June 30, 2021. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2024, (measurement date) to the School was approximately $7,444 for the SCRS.

The School recognized contributions (on-behalf benefits) from the State of approximately $7,444 for the year ended June 30, 2025. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the School's Governmental Fund Financial Statements.

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

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2025	$ 776,723	$ 43,146	$ 819,869
2024	787,304	38,817	826,121
2023	719,191	42,987	762,178

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 net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, 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, 2023. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 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 Plans, Continued

Actuarial Assumptions, continued
The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024:

	SCRS
Actuarial Cost Method	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)
Benefit adjustments	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 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023, TPL 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%

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 2024 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 Plans, Continued

Long-Term Expected Rate of Return, continued

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets:			
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

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, 2024, for SCRS 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	$ 61,369,806,968	$ 37,919,492,371	$ 23,450,314,597	61.8%

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, 2025, the School reported a liability of $1,391,934 for its proportionate share of the PEBA's NPL. The NPL was measured as of June 30, 2024, 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, 2024, measurement date, the School's proportion was 0.005936%, which was an increase of 0.000004% from its proportion measured as of June 30, 2023.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, 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, 2025, the School recognized pension expense of $68,202 for its proportionate share of the PEBA's pension expense. At June 30, 2025, 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
Net difference between expected and actual experience	$ 45,744	$ 1,727
Assumption changes	24,540	-
Net difference between projected and actual earnings on pension plan investments	75,053	128,685
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	508	55,760
School contributions subsequent to the measurement date	150,011	-
	$ 295,856	$ 186,172

$150,011 reported as deferred outflows of resources related to pensions resulting from School contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2026	$ (54,467)
2027	29,682
2028	91,458
2029	(14,084)
	$ 52,589

Discount Rate – The discount rate used to measure the TPL was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS 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.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

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 percentage point lower or 1 percentage point higher than the current discount rate:

Asset Class	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the Net Pension Liability:	$ 1,803,789	$ 1,391,934	$ 1,012,648

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR 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.

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.

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

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 three years were as follows:

	Year Ended June 30,		
	2025	2024	2023
Employer Contribution Rate:^	6.35%	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 three years were as follows:

Year Ended June 30,	Contributions Required	% Contributed	Eligible Payroll
2025	$ 52,062	100%	$ 819,869
2024	51,632	100%	826,121
2023	47,643	100%	762,278

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 $170 for the year ended June 30, 2024 (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"), NOL, and sensitivity information were determined by the consulting actuary and are based on an actuarial valuation performed as of June 30, 2023. The TOL was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2024, 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, 2023
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:	3.97% as of June 30, 2024
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; the 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 15 years
Aging Factors:	Based on plan specific 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 3.86% as of June 30, 2023, to 3.97% as of June 30, 2024.

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%**

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 – 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.

The following table represents the components of the NOL as of the June 30, 2024, 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, 2024	$ 17,894,389,610	$ 1,772,587,512	$ 16,121,802,098	9.91%
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%

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, 2025, the School reported a liability of $1,154,160 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2024, and the TOL for the SCRHITF used to calculate the NOL was determined by an actuarial valuation as of June 30, 2023, 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, 2024, measurement date, the School's proportion was 0.007159%, which was a decrease of 0.000112% from its proportion measured as of June 30, 2023.

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

For the year ended June 30, 2025, the School recognized OPEB expense of $4,519 for its proportionate share of the PEBA's OPEB expense for SCRHITF. At June 30, 2025, 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	$ 59,996	$ 170,823
Assumption changes	247,192	236,985
Net difference between projected and actual earnings on OPEB plan investments	5,629	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	21,454	165,824
School contributions subsequent to the measurement date	52,062	-
	$ 386,333	$ 573,632

$52,0062 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, 2026. 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
2026	$ (41,882)
2027	(76,624)
2028	(86,957)
2029	(13,162)
Thereafter	(20,736)
	$ (239,361)

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).

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liability Sensitivity – The following table presents the School's proportionate share of the SCRHITF's NOL calculated using a single discount rate of 3.97%, 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 (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
School's proportionate share of the SCRHITF net OPEB liability	$ 1,370,076	$ 1,154,160	$ 981,322

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	$ 949,079	$ 1,154,160	$ 1,420,160

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.

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. Pandemic Funding

The Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") included the Employee Retention Credit ("ERC") program, created to encourage employers to keep their employees on the payroll during the period affected by the coronavirus pandemic. The ERC allowed eligible entities a refundable tax credit against the employer portion of social security taxes paid equal to 70% of qualified wages for each employee, with such wages limited to $10,000 per employee for each quarter. Employers that experienced fully or partially suspended operations during any calendar quarter due to orders from an appropriate governmental authority due to COVID-19 were eligible for the credit. The School determined its eligibility for the ERC and submitted its application for a credit of $117,323 during the fiscal year ended June 30, 2024. The School concluded it has met the donor-imposed conditions and, therefore, recognized grant income during the year ended June 30, 2024, and a grant receivable as of June 30, 2024. The School received the balance of the receivable during the year ended June 30, 2025, and recognized grant income of $117,323 in its governmental financial statements.

IV. OTHER INFORMATION, Continued

F. Emphasis of a Matter

The School has faced challenges with declining enrollment, dropping from an enrollment of 133 students in 2021 to 87 in the most recent school year. This enrollment decline has driven a substantial decline in state and other funding. The School has worked diligently to control its expenses during this period: however, the reduced funding has resulted in recurring operating losses The School has reported decreases in its General Fund fund balances of $160,880; $198,198; and $202,940 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively. The School's ending unassigned General Fund fund balance as of June 30, 2025, represents a deficit balance of $117,036. Likewise, during this period the School's net position has decreased by $275,327. These financial results raise substantial doubt about the School's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Management is aware of these conditions and is actively pursuing strategies to improve the School's financial position. These strategies include strategic outreach and community engagement to drive enrollment increases, seeking additional funding from grant sources, implementing cost containment measures, and working with the charter authorizer to ensure continued operational support. Management believes that these actions, if successfully implemented, will mitigate the financial challenges and allow the School to continue its operations. However, there can be no assurance that such plans will be successful or sufficient to alleviate the going concern uncertainty. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

G. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 24, 2025, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2025.

Schedule 1

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2025

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 payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.005936%	$ 1,391,934	$ 826,121	168.49%	61.80%
2024	0.005932%	$ 1,434,281	$ 761,278	188.40%	58.60%
2023	0.006403%	$ 1,552,322	$ 787,083	197.22%	57.10%
2022	0.006521%	$ 1,411,205	$ 767,409	183.89%	60.70%
2021	0.007055%	$ 1,802,565	$ 798,741	225.68%	50.70%
2020	0.006672%	$ 1,523,400	$ 716,864	212.51%	54.40%
2019	0.006713%	$ 1,504,185	$ 708,934	212.18%	54.10%
2018	0.007905%	$ 1,779,543	$ 812,935	218.90%	53.30%
2017	0.007489%	$ 1,599,639	$ 729,779	219.19%	52.90%
2016	0.008695%	$ 1,649,049	$ 822,239	200.56%	57.00%

Note to Schedule:

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

Schedule 2

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of School Contributions - Pension Plan
June 30, 2025

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
2025	$ 150,011	$ 150,011	$ -0-	$ 819,869	18.30%
2024	$ 151,387	$ 151,387	$ -0-	$ 826,121	18.33%
2023	$ 131,707	$ 131,707	$ -0-	$ 761,278	17.30%
2022	$ 126,268	$ 126,268	$ -0-	$ 787,083	16.04%
2021	$ 107,772	$ 107,772	$ -0-	$ 767,409	14.04%
2020	$ 122,462	$ 122,462	$ -0-	$ 798,741	15.33%
2019	$ 102,579	$ 102,579	$ -0-	$ 716,864	14.31%
2018	$ 94,335	$ 94,335	$ -0-	$ 708,934	13.31%
2017	$ 92,200	$ 92,200	$ -0-	$ 812,935	11.34%
2016	$ 80,213	$ 80,213	$ -0-	$ 729,779	10.99%

Schedule 3

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2025

SCRHITF Year	School's proportion of the net OPEB liability	School's 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
2025	0.007159%	$ 1,154,160	$ 826,121	139.71%	9.91%
2024	0.007271%	$ 951,882	$ 762,278	124.87%	11.24%
2023	0.008008%	$ 1,218,164	$ 787,083	154.77%	9.64%
2022	0.008229%	$ 1,713,540	$ 767,409	223.29%	7.48%
2021	0.008665%	$ 1,564,158	$ 798,741	195.83%	8.40%
2020	0.008197%	$ 1,239,511	$ 716,864	172.91%	8.40%
2019	0.008221%	$ 1,164,964	$ 708,934	164.33%	7.90%
2018	0.009640%	$ 1,305,722	$ 812,935	160.62%	7.60%
2017	0.009640%	$ 1,355,109	$ 729,779	185.69%	6.60%

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 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

Schedule 4

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of School Contributions - OPEB Plan
June 30, 2025

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
2025	$ 52,062	$ 52,062	$ -0-	$ 819,869	6.35%
2024	$ 51,632	$ 51,632	$ -0-	$ 826,121	6.25%
2023	$ 47,643	$ 47,643	$ -0-	$ 762,278	6.25%
2022	$ 49,193	$ 49,193	$ -0-	$ 787,083	6.25%
2021	$ 47,092	$ 47,092	$ -0-	$ 767,409	6.14%
2020	$ 46,690	$ 46,690	$ -0-	$ 798,741	5.85%
2019	$ 43,237	$ 43,237	$ -0-	$ 716,864	6.03%
2018	$ 38,991	$ 38,991	$ -0-	$ 708,934	5.50%
2017	$ 43,331	$ 43,331	$ -0-	$ 812,935	5.33%

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 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	$ 27,765	$ 29,068	$ 1,303
1700 Pupil activities			
1790 Other pupil activity income	95,000	-	(95,000)
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	20,000	122,029	102,029
Total local sources	142,765	151,097	8,332
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	1,275,498	1,276,142	644
3900 Other state revenue			
3993 PEBA on-behalf	-	7,444	7,444
Total state sources	1,275,498	1,283,586	8,088
Total revenues all sources	1,418,263	1,434,683	16,420
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	90,679	107,836	(17,157)
200 Employee benefits	52,764	54,109	(1,345)
400 Supplies and materials	1,000	489	511
112 Primary programs			
100 Salaries	61,134	72,700	(11,566)
200 Employee benefits	59,873	61,399	(1,526)
113 Elementary programs			
100 Salaries	192,229	228,599	(36,370)
200 Employee benefits	129,110	132,400	(3,290)
400 Supplies and materials	4,800	4,180	620
500 Capital outlay	-	145	(145)

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
120 Exceptional programs			
126 Speech handicapped			
300 Purchased services	$ -	$ 10,970	$ (10,970)
400 Supplies and materials	-	84	(84)
127 Learning disabilities			
200 Employee benefits	349	358	(9)
129 Coordinated Early Intervening Services (CEIS)			
100 Salaries	43,586	51,833	(8,247)
200 Employee benefits	18,260	18,725	(465)
130 Preschool programs			
139 Early childhood programs			
200 Employee benefits	5,642	5,786	(144)
170 Summer school programs			
175 Instructional programs beyond regular school day			
100 Salaries	10,511	12,500	(1,989)
190 Instructional pupil activity			
190 Instructional pupil activity			
400 Supplies and materials	-	353	(353)
Total instruction	669,938	762,466	(92,528)
200 Support services			
210 Pupil services			
213 Health services			
100 Salaries	12,614	15,000	(2,386)
200 Employee benefits	2,791	2,862	(71)
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	473	563	(90)
200 Employee benefits	262	269	(7)
222 Library and media services			
100 Salaries	22,340	26,567	(4,227)
200 Employee benefits	8,293	8,504	(211)

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
230 General administrative services			
231 Board of education			
300 Purchased services	$ -	$ 3,381	$ (3,381)
318 Audit services	12,000	13,100	(1,100)
600 Other objects	15,649	1,562	14,087
233 School administration			
100 Salaries	119,655	142,294	(22,639)
200 Employee benefits	71,838	73,669	(1,831)
300 Purchased services	9,308	6,992	2,316
400 Supplies and materials	2,500	2,707	(207)
600 Other objects	-	1,000	(1,000)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	48,132	54,332	(6,200)
600 Other objects	-	241	(241)
254 Operation and maintenance of plant			
100 Salaries	22,578	26,850	(4,272)
200 Employee benefits	13,263	13,601	(338)
300 Purchased services	262,926	175,573	87,353
321 Public util (excl gas, oil, elect & oth heating fuels)	-	3,284	(3,284)
400 Supplies and materials	15,917	14,703	1,214
470 Energy (incl gas, oil, elect & oth heating fuels)	20,067	22,364	(2,297)
255 Student transportation (state mandated)			
100 Salaries	31,421	37,366	(5,945)
200 Employee benefits	15,652	16,051	(399)
300 Purchased services	17,633	15,183	2,450
400 Supplies and materials	7,000	11,043	(4,043)
256 Food services			
400 Supplies and materials	13,207	-	13,207
260 Central support services			
263 Information services			
300 Purchased services	6,000	10,051	(4,051)
266 Technology and data processing services			
300 Purchased services	4,129	2,890	1,239

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
270 Support services - pupil activity			
271 Pupil service activities			
300 Purchased services	$ -	$ 3,403	$ (3,403)
400 Supplies and materials	2,153	16	2,137
660 Pupil activity	436	1,235	(799)
Total support services	758,238	706,656	51,582
500 Debt services			
610 Redemption of principal	2,113	45,891	(43,778)
620 Interest	16	1,449	(1,433)
Total debt services	2,129	47,340	(45,211)
Total expenditures	1,430,305	1,516,462	(86,157)
OTHER FINANCING SOURCES (USES)			
Interfund transfers, From (To) other funds:			
5230 Transfer from Special Revenue EIA Fund	-	66,397	66,397
421-710 Transfer to Special Revenue Fund	-	(146,310)	(146,310)
422-710 Transfer to Special Revenue EIA Fund	-	812	812
Total other financing sources (uses)	-	(79,101)	(79,101)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	$ (12,042)	(160,880)	$ (148,838)
FUND BALANCE, July 1, 2024		43,844	
FUND BALANCE, June 30, 2025		$ (117,036)	

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2025

	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)	Total
REVENUES								
3000 Revenue from state sources								
3100 Restricted state funding								
3135 Reading coaches	$ -	$ -	$ -	$ -	$ -	$ 55,500	$ -	$ 55,500
3900 Other state revenue								
3994 PEBA nonemployer contributions	-	-	-	-	-	170	-	170
Total state sources	-	-	-	-	-	55,670	-	55,670
4000 Revenue from federal sources								
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	40,773	-	-	-	-	-	40,773
Total federal sources	-	40,773	-	-	-	-	-	40,773
Total revenues all sources	-	40,773	-	-	-	55,670	-	96,443
EXPENDITURES								
100 Instruction								
110 General instruction								
113 Elementary programs								
100 Salaries	-	40,773	-	-	-	-	-	40,773
Total instruction	-	40,773	-	-	-	-	-	40,773
200 Support services								
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	-	-	-	-	-	50,500	-	50,500
200 Employee benefits	-	-	-	-	-	5,000	-	5,000

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

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2025

	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)	Total
250 Finance and operations services								
256 Food services								
100 Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ 61,586	$ 61,586
200 Employee benefits	-	-	-	-	-	-	23,263	23,263
400 Supplies and materials	-	-	-	-	-	-	61,461	61,461
Total support services	-	-	-	-	-	55,500	146,310	201,810
400 Other charges								
410 Intergovernmental expenditures								
419 Payments to PEBA nonemployer contrib								
720 Transits	-	-	-	-	-	170	-	170
Total intergovernmental expenditures	-	-	-	-	-	170	-	170
Total expenditures	-	40,773	-	-	-	55,670	146,310	242,753
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	146,310	146,310
Total other financing sources (uses)	-	-	-	-	-	-	146,310	146,310
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2024	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2025	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Schedule 7

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2025

LEA Subfund Code	Program	Revenue	Revenue Code
OTHER RESTRICTED STATE GRANTS			
935	Reading coaches	$ 55,500	3135
994	PEBA nonemployer contributions	170	3994
		$ 55,670	
OTHER SPECIAL REVENUE PROGRAMS			
		$ -0-	

Schedule 8

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2025

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/(Out)	Special Revenue Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
935	3135	Reading coaches	$ 55,500	$ 55,500	$ -	$ -	$ -
994	3994	PEBA nonemployer contributions	170	170	-	-	-
			$ 55,670	$ 55,670	$ -0-	$ -0-	$ -0-

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2025

REVENUES		
3000 Revenue from state sources		
3500 Education improvement act		
3503 State aid to classrooms	$	66,397
3518 Adoption list of formative assessment		703
3529 Career and Technology Education		6,000
3541 Child Early Read Dev/Educ Prog(CERDEP)-4K		56,818
3571 CSI and state priority schools		23,937
3577 Teacher supplies (no carryover provision)		4,400
3599 Other EIA		812
Total state sources		159,067
Total revenues all sources		159,067
EXPENDITURES		
100 Instruction		
110 General instruction		
111 Kindergarten programs		
400 Supplies and materials		800
112 Primary programs		
400 Supplies and materials		800
113 Elementary programs		
300 Purchased services		6,615
400 Supplies and materials		8,589
120 Exceptional programs		
128 Emotionally handicapped		
400 Supplies and materials		400
130 Preschool programs		
139 Early childhood programs		
400 Supplies and materials		400
140 Special programs		
147 CERDEP		
100 Salaries		40,000
200 Employee benefits		16,818

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2025

170 Summer school programs	
175 Instructional programs beyond regular school day	
100 Salaries	$ 6,936
Total instruction	81,358
200 Support services	
220 Instructional staff services	
222 Library and media services	
300 Purchased services	4,500
224 Improvement of instruction inserv and staff training	
300 Purchased services	6,000
Total support services	10,500
Total expenditures	91,858
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	(67,209)
Total other financing sources (uses)	(67,209)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-
FUND BALANCE, July 1, 2024	-0-
FUND BALANCE, June 30, 2025	$ -0-

Schedule 10

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2025

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	$ 66,397	$ -	$ -	$ (66,397)	$ -
3518 Adoption list of formative assessment	703	703	-	-	-
3526 Refurbishment of science kits	-	-	-	-	392
3529 Career and Technology Education	6,000	6,000	-	-	-
3541 Child Early Read Dev/Educ Prog(CERDEP)-4K	56,818	56,818	-	-	-
3557 Summer reading program	-	-	-	-	1,017
3571 CSI and state priority schools	23,937	23,937	-	-	-
3577 Teacher supplies (no carryover provision)	4,400	4,400	-	-	-
3599 Other EIA	812	-	-	(812)	-
TOTALS	$ 159,067	$ 91,858	$ -0-	$ (67,209)	$ 1,409

Schedule 11

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2025

Program	Project Number	Revenue & Subfund Codes	Description	Amount Due to SCDOE/Federal Government	Status of Payments
Refurbishment of science kits	EIA	3526 / 326	Unspent allocation	$ 426.83	Unpaid as of 10/24/25
Teacher supplies	EIA	3577 / 377	Unspent allocation	400.00	Unpaid as of 10/24/25
				$ 826.83	

Schedule 12

ACADEMY OF HOPE, INC.
CONWAY, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2025

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?	___X___ Yes	_____ No

Section II - Financial Statement/Compliance Findings

2025-01 **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 school district or 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 General Fund expenditures of the last fiscal year. As of June 30, 2025, the School did not meet the criteria.

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

Cause: The School has experienced enrollment decreases over the past several years, resulting in decreased state funding. Therefore, the School reported decreases in its General Fund fund balances of $160,880; $198,198; and $202,940 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively. The School's ending unassigned General Fund fund balance as of June 30, 2025, represents a deficit balance of $117,036, which is below the required minimum balance.

Effect: As a result of this continued fund balance issue, the School is 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's Board and management have plans in place to address its student enrollment challenges, and planned enrollment increases should increase 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.

Schedule 13

ACADEMY OF HOPE, INC.
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2025

Section I - Financial Statement 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 school district or 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 General Fund expenditures of the last fiscal year. 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 has experienced enrollment decreases over the past two fiscal years, resulting in decreased state funding. Therefore, the School reported decreases in its General Fund fund balances of $198,198 and $202,940 for the fiscal years ended June 30, 2024 and 2023, respectively. The School's ending unassigned General Fund fund balance as of June 30, 2024, is below the required minimum balance.

Effect: As a result of this condition, the School will 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.

Status: The School continued to face enrollment challenges, which negatively impacted its state funding. The General Fund fund balance remains below the required minimum balance. The finding is repeated in the current year as Finding 2025-01.

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
Academy of Hope, Inc.
Conway, South Carolina

We have audited the financial statements of Academy of Hope, Inc. ("the School") as of and for the year ended June 30, 2025, and have issued our report thereon dated October 24, 2025. 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 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 Responses as Finding 2025-01. The School's response to our finding is included on that schedule. That response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Responses. 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.

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.

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 Academy of Hope, 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 24, 2025