Gray Collegiate Academy, Inc.
West Columbia, South Carolina

(A Component Unit of The Charter Institute at Erskine)

Audited Financial Statements

For the year ended June 30, 2026

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Gray Collegiate Academy, Inc.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Gray Collegiate Academy, Inc. (the "School"), a component unit of The Charter Institute at Erskine, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2026, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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.

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Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

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Greenwood, South Carolina

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This discussion and analysis of Gray Collegiate Academy, Inc.'s ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2026. 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.

Overview of the Financial Statements:

This discussion analyzes the financial activities of Gray Collegiate Academy, Inc. (the School), a component unit of The Charter Institute at Erskine. The reporting entity includes the blended activities of Gray Collegiate Academy, Limited Partnership and Gray Collegiate Foundation. The School reports only governmental activities. This discussion should be read with the basic financial statements and related notes.

The government-wide statement of net position reports assets, deferred outflows, liabilities, deferred inflows, and net position using accrual accounting. The statement of activities reports revenues and expenses when the underlying events occur, not solely when cash changes hands. The governmental fund statements focus instead on current financial resources using modified accrual accounting. They separately present the General Fund, Special Projects Fund, and Education Improvement Act (EIA) Fund. Reconciliations explain how fund balances and changes in fund balances relate to government-wide net position and operating results. The notes explain accounting policies and significant balances. Required supplementary information includes the General Fund budget comparison and pension and OPEB schedules.

Financial Summary:

The School's government-wide net position decreased by $688,539 during the current year, while governmental fund balances increased by $2,276,106 to $6,238,701. New facility and equipment leases materially increased both capital assets and financing obligations. Amounts below are in dollars; parentheses denote deficits or decreases.

Condensed statement of net position

Governmental activities	**2026**	**2025**
Current assets	6,497,987	4,307,766
Noncurrent assets	51,552,273	22,695,154
Total assets	**58,050,260**	**27,002,920**
Deferred outflows of resources	**7,432,617**	**8,352,180**
Current liabilities	951,448	345,171
Long-term liabilities	63,489,755	33,723,963
Total liabilities	**64,441,203**	**34,069,134**
Deferred inflows of resources	**2,233,562**	**1,789,315**
Net investment in capital assets	(2,514,927)	(1,347,787)
Restricted net position	3,305,532	2,955,796
Unrestricted net position (deficit)	(1,982,493)	(2,111,358)
Total net position (deficit)	**(1,191,888)**	**(503,349)**

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Financial Summary, Continued:

Condensed statement of activities

Governmental activities	**2026**	**2025**
Operating grants and contributions	17,510,082	11,452,748
Charges for services	294,650	214,700
General revenues	559,319	313,982
Total revenues	**18,364,051**	**11,981,430**
Instruction expense	7,870,647	4,986,387
Support services expense	9,796,867	7,431,743
Community service expense	48,372	32,587
Interest and other charges	1,336,704	735,381
Total expenses	**19,052,590**	**13,186,098**
Change in net position	(688,539)	(1,204,668)
Beginning net position (deficit)	(503,349)	701,319
Ending net position (deficit)	**(1,191,888)**	**(503,349)**

Detailed Analysis:

Government-wide financial position and operating results:

The School's financial position deteriorated on the accrual basis because expenses of $19,052,590 exceeded revenues of $18,364,051. Revenues increased by $6,382,621, while expenses increased by $5,866,492. The financial-resource surplus does not represent an accrual-basis surplus.

Operating grants and contributions accounted for $6,057,334 of the revenue increase. Current-year state funding was $16,376,458, including $13,292,205 of General Fund state aid to classrooms and $2,797,688 of EIA revenues. Management reports that the 135-day count rose by 470 students, from 933 to 1,403, and identifies that count as the basis for most state funding.

Instruction and support services expenses increased by $2,884,260 and $2,365,124, respectively. The commencement of the Irmo facility lease and two copier arrangements introduced $1,073,198 of right-of-use amortization within total depreciation and amortization of $1,928,917. These new rights help explain the increase in the School's accrual cost base. Current-year pension and OPEB accrual adjustments also increased expenses above fund-basis expenditures by $1,678,496. Interest and other charges increased by $601,323 to $1,336,704.

Total assets increased by $31,047,340, principally from $28,857,119 of additional net capital assets associated with new leased facility and equipment rights. Current assets increased by $2,190,221, primarily due to a $1,475,005 increase in cash. Long-term liabilities increased by $29,765,792, principally from the new $30,330,297 lease liability. Bond debt declined $306,038 after $320,000 of principal repayments and $13,962 of discount amortization. Pension and OPEB liabilities increased $314,685.

Related deferred outflows declined $919,563 and deferred inflows rose $444,247. Net investment in capital assets declined $1,167,140 because capital-related bonds and leases increased $30,024,259 while net capital assets increased $28,857,119. Restricted net position rose $349,736 and the unrestricted deficit narrowed $128,865 to $1,982,493. Negative net investment reflects outstanding capital-related debt exceeding the assets' depreciated carrying amount; it is not a current cash liability of that amount.

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Major governmental funds:

Governmental fund revenues of $18,364,051 exceeded expenditures of $16,087,945. Net interfund transfers were zero in total. Of the $6,238,701 ending fund balance, $651,866 is nonspendable for prepaid items, $3,305,532 is restricted, and $2,281,303 is unassigned in the General Fund. Restrictions comprise $2,697,785 under bond agreements and $607,747 for student activities; these resources are not available for unrestricted general operations.

The General Fund's $2,090,683 increase arose from $14,342,001 of revenues, $15,024,238 of expenditures, and $2,772,920 of transfers in. Thus, its own revenues fell $682,237 short of expenditures before transfers. The transfers moved $2,706,922 of EIA resources and $65,998 of Special Projects resources to the fund where most School expenditures are recorded. Unassigned fund balance equals approximately 15.2% of annual General Fund expenditures and is the portion not otherwise constrained by the reported classifications.

Special Projects revenues of $1,224,362 exceeded expenditures of $972,941; after a $65,998 transfer out, fund balance increased by $185,423. The schedule identifies $1,076,573 of student-activity revenues, including pupil activity income, rentals, contributions, and investment earnings. The EIA Fund received $2,797,688, spent $90,766 directly, and transferred the remaining $2,706,922 to the General Fund, leaving no fund balance. The supplied schedules explain the current-year funding flow but do not establish the operational causes of all significant individual-fund changes.

The difference between the $2,276,106 fund-balance increase and the $688,539 net-position decrease is explained by the fund-to-government-wide reconciliation: $1,754,760 of depreciation and amortization net of capital outlays, $1,678,496 of pension and OPEB adjustments, $119,010 of interest accrual, and $13,962 of bond discount amortization, offset by $320,000 of bond principal and $281,583 of lease principal repayments.

Significant Capital Asset and Long-Term Financing Activity:

Net capital assets increased from $22,195,154 to $51,052,273. Note 3B reports additions of $30,786,036 and depreciation and amortization of $1,928,917, with no deletions. New right-of-use property and equipment assets of $30,546,957 and $64,923, respectively, account for substantially all additions. Other additions were $66,512 of construction in progress, $55,626 of equipment, and $52,018 of vehicles. Gross owned-asset additions of $174,156 agree with governmental fund capital outlay. Note 3B's separate functional depreciation allocation does not reconcile to its asset rollforward and remains an issuance item.

The Irmo school facility lease commenced August 15, 2025, and extends through August 31, 2050, subject to its contractual school-year extension provision. Copier arrangements commenced December 1, 2025, and May 12, 2026. Together, the lease arrangements added $30,611,880 of initial financing obligations; $281,583 of principal repayments reduced the year-end liability to $30,330,297, of which $233,152 is due within one year. These arrangements expanded the School's reported asset rights and committed future resources to lease payments. See Notes 3B and 3E.

Bonds outstanding, net of unamortized discounts, were $23,236,903, including $340,000 due within one year. Notes payable remained $500,000, with no specific due date under the draft note. Bonds, leases, and notes totaled $54,067,200 at year-end, excluding pension and OPEB liabilities of $9,995,707. Management states in Note 3D that it believes the School complied with financial bond covenants.

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Currently Known Facts, Decisions, or Conditions:

On July 22, 2026, the South Carolina Jobs-Economic Development Authority issued $91,775,000 of Series 2026 Educational Facilities Revenue Bonds and loaned the proceeds to the School. As described in Note 5, the financing provides for refunding the 2019 and 2021 West Columbia campus bonds; acquiring, constructing, improving, furnishing, and equipping Irmo and Columbia campus facilities; funding capitalized interest and a debt service reserve; and paying issuance costs. The bonds carry fixed rates from 5.00% to 6.375% and mature finally on July 1, 2066. Interest payments begin January 1, 2027. Pledged gross revenues and mortgage liens secure the financing.

This financing changes the School's subsequent-year capital and financing commitments; it is not a June 30, 2026, borrowing and is excluded from the balances above. The School must make loan payments sufficient to service the bonds. Existing leases also require $1,661,712 of principal and interest payments in fiscal 2027 under the June 30, 2026 lease schedule.

The School's state funding is significantly affected by ADM that is measured during the school year. Reported 135-day ADM increased to 1,402 from 933. Management is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on financial position or results of operations after June 30, 2026.

Requests for Information:

This financial report is designed to provide interested parties with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School's business office located at 3833 Leaphart Road, West Columbia, South Carolina.

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Gray Collegiate Academy, Inc.

Statement of Net Position

As of June 30, 2026

	Governmental activities
Assets	
Current assets	
Cash	$ 2,974,997
Restricted cash and cash equivalents	2,833,530
Due from other governmental units	37,594
Prepaid items	651,866
Total current assets	6,497,987
Noncurrent assets	
Notes receivable	500,000
Capital assets, not being depreciated	2,009,139
Capital assets, net of accumulated depreciation	49,043,134
Total noncurrent assets	51,552,273
Total assets	58,050,260
Deferred outflows of resources	
Pension	2,814,912
OPEB	4,617,705
Total deferred outflows of resources	7,432,617
Liabilities	
Current liabilities	
Accounts payable	$ 49,571
Accrued liabilities	204,750
Due to state	3,888
Unearned revenue	1,077
Interest payable	119,010
Lease liability	233,152
Bond payable	340,000
Total current liabilities	951,448
Long-term liabilities	
Bond payable	22,896,903
Lease liability	30,097,145
Notes payable	500,000
Pension obligation	5,366,192
OPEB obligation	4,629,515
Total long-term liabilities	63,489,755
Total liabilities	64,441,203
Deferred inflows of resources	
Pension	371,765
OPEB	1,861,797
Total deferred inflows of resources	2,233,562
Net position (deficit)	
Net investment in capital assets	(2,514,927)
Restricted	3,305,532
Unrestricted (deficit)	(1,982,493)
Total net position (deficit)	$ (1,191,888)

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See Notes to Basic Financial Statements

Gray Collegiate Academy, Inc.

Statement of Activities

For the year ended June 30, 2026

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	$ 7,870,647	$ 294,650	$ 17,510,082	$ 9,934,085
Support services	9,796,867	-	-	(9,796,867)
Community service	48,372	-	-	(48,372)
Interest and other charges	1,336,704	-	-	(1,336,704)
Total governmental activities	$ 19,052,590	$ 294,650	$ 17,510,082	(1,247,858)
General revenues:				
Miscellaneous				139,368
Unrestricted investment earnings				419,951
Total general revenues				559,319
Change in net position				(688,539)
Net position, beginning of year				(503,349)
Net position (deficit), end of year				$ (1,191,888)

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See Notes to Basic Financial Statements

Gray Collegiate Academy, Inc.
Balance Sheet - Governmental Funds
As of June 30, 2026

	General	Special Revenue Funds: Special Projects	Special Revenue Funds: Education Improvement Act	Total
Assets				
Cash	$ 2,974,997	$ -	$ -	$ 2,974,997
Restricted Cash	2,697,785	135,745	-	2,833,530
Due from other governmental units	-	3,566	34,028	37,594
Due from other funds	-	488,689	-	488,689
Prepaid items	651,866	-	-	651,866
Total assets	$ 6,324,648	$ 628,000	$ 34,028	$ 6,986,676
Liabilities and fund balances				
Liabilities				
Accounts payable	$ 29,318	$ 20,253	$ -	$ 49,571
Due to state	-	-	3,888	3,888
Due to other funds	459,626	-	29,063	488,689
Accrued liabilities	204,750	-	-	204,750
Unearned revenue	-	-	1,077	1,077
Total liabilities	693,694	20,253	34,028	747,975
Fund balances				
Nonspendable	651,866	-	-	651,866
Restricted	2,697,785	607,747	-	3,305,532
Unassigned	2,281,303	-	-	2,281,303
Total fund balances	5,630,954	607,747	-	6,238,701
Total liabilities and fund balances	$ 6,324,648	$ 628,000	$ 34,028	$ 6,986,676
Total governmental fund balance				$ 6,238,701
Amounts reported for governmental activities are different because of the following:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.				51,052,273
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.				
Deferred outflows - pension related				2,814,912
Deferred outflows - OPEB related				4,617,705
Deferred inflows - pension related				(371,765)
Deferred inflows - OPEB related				(1,861,797)
Notes receivable that are not expected to be collected within one year are not reported in governmental funds.				500,000
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
Interest payable				(119,010)
Right of use lease liability				(30,330,297)
Bond payable				(23,236,903)
Note payable				(500,000)
OPEB obligation				(4,629,515)
Pension obligation				(5,366,192)
Net position of governmental activities				$ (1,191,888)

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See Notes to Basic Financial Statements

Gray Collegiate Academy, Inc.

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

For the year ended June 30, 2026

	General Fund	Special Revenue Funds: Special Projects	Special Revenue Funds: Education Improvement Act	Total
Revenues				
Local	$ 853,969	$ 1,091,587	$ -	$ 1,945,556
State	13,488,032	90,738	2,797,688	16,376,458
Federal	-	42,037	-	42,037
Total revenues	14,342,001	1,224,362	2,797,688	18,364,051
Expenditures				
Instruction	6,111,983	94,553	79,706	6,286,242
Support services	7,265,657	774,570	1,254	8,041,481
Community services	-	48,372	-	48,372
Capital outlay	108,904	55,446	9,806	174,156
Debt service				
Principal	320,000	-	-	320,000
Interest	1,217,694	-	-	1,217,694
Total expenditures	15,024,238	972,941	90,766	16,087,945
Excess (deficiency) of revenues over (under) expenditures	(682,237)	251,421	2,706,922	2,276,106
Other financing sources (uses)				
Transfer in (out)	2,772,920	(65,998)	(2,706,922)	-
Total other financing sources (uses)	2,772,920	(65,998)	(2,706,922)	-
Net change in fund balances	2,090,683	185,423	-	2,276,106
Fund balances, beginning of year	3,540,271	422,324	-	3,962,595
Fund balances, end of year	$ 5,630,954	$ 607,747	$ -	$ 6,238,701

Total net change in fund balances - governmental funds	$ 2,276,106
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in governmental fund as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation and amortization expense.	(1,754,760)
Governmental funds report the effect of discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount of amortization of bond discounts in the current period.	(13,962)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	320,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:	
Repayment on right of use lease	281,583
Interest payable	(119,010)
Changes in pension liabilities and related deferred outflows and inflows of resources	(928,033)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(750,463)
Change in net position of governmental activities	$ (688,539)

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See Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

A charter school is an independent public school, governed by an independent Board of Directors ("the Board"). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter.

Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Charter schools may charge for selected additional costs consistent with those permitted by school districts. Because charter schools receive local, state, and federal funds they may not charge tuition.

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

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

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Note 1. Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Blended Component Unit – Gray Collegiate Foundation ("the Foundation") is a legally separate, tax-exempt nonprofit organization established exclusively to support the programs, operations, and mission of the School. The Foundation's activities include fundraising, administering contributions and grants, and holding assets for the benefit of the School, including support for student scholarships, facility improvements, and other educational initiatives.

Although the Foundation is legally separate from the School, it is reported as a blended component unit in the accompanying financial statements in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61. As a result, the Foundation's financial data is blended with that of the School, as though it were part of the primary government. All significant inter-entity transactions and balances between the School and the Foundation have been eliminated in the accompanying financial statements.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as a public charity under applicable IRS guidelines.

Separate financial statements for the Foundation are not issued, and its financial activity is fully incorporated within the School's audited financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities which report information on the School as a whole, except for fiduciary funds, if any. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges paid by the recipient of goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

The School reports the following major governmental funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures, capital improvement costs, and debt service expenditures that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.
- The Special Revenue Fund accounts for specific revenue sources that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.
- The Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

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

1) Deposits and Investments
The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

4) Bond Project Fund
Monies deposited into this fund are available for costs of the project.

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Note 1. Summary of Significant Accounting Policies, Continued

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

5) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6) Receivables and Payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as accounts receivable, due from other governmental units, accounts payable or "due from other funds" or "due to other funds" on the statement of net position. The transactions between funds are eliminated in the governmental activities' columns of the statement of net position.

7) Notes Receivable

Amounts advanced to American Charter Development to assist in financing construction of a facility are recorded as notes receivable. As of June 30, 2026, the balance of these notes receivable were $500,000.

8) Capital Assets

Capital assets include building improvements, vehicles, and equipment. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over an estimated useful life of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

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

9) Unearned revenue

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

10) Long-term Obligations

In the government-wide financial statements long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

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Note 1. Summary of Significant Accounting Policies, Continued

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

11) Pension Plan

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

12) Postemployment Benefits Other Than Pensions

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

13) Deferred Outflows/Inflows of Resources

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

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

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Note 1. Summary of Significant Accounting Policies, Continued

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

14) Fund Equity

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

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

Restricted fund balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The School has $2,697,785 in fund balances restricted under the terms of its bond agreements and $607,747 in fund balances restricted for its student activity funds.

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

15) Net Position

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

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Note 1. Summary of Significant Accounting Policies, Continued

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

16) Fair Value

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

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

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

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

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

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

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

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

17) Use of Estimates

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

18) Income Taxes

The School is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income.

The School evaluates its tax positions and recognizes the effects of uncertain tax positions in its financial statements when applicable. Management has determined that there are no material uncertain tax positions or unrecognized tax benefits as of June 30, 2026. The School's policy is to recognize accrued interest related to unrecognized tax benefits, when applicable, as interest expense and penalties as other expense. The School's federal Form 990 information returns are generally subject to examination by taxing authorities for the applicable statutory period.

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Note 1. Summary of Significant Accounting Policies, Continued

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

19) New Accounting Standard Adoption

During the year ended June 30, 2026, the School implemented Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 establishes revised financial reporting requirements, including changes to the content and presentation of management's discussion and analysis. The principal effect of implementation on the School was the reorganization and revision of management's discussion and analysis. Implementation did not affect previously reported amounts, require a restatement of beginning net position or fund balances, or otherwise affect the School's recognition or measurement of financial statement balances.

The School also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 104 establishes requirements to separately disclose certain types of capital assets and establishes additional requirements for capital assets held for sale. Implementation of this Statement did not have a material effect on the School's financial statements.

GASB Statements 103 and 104 are effective for fiscal years beginning after June 15, 2025, which includes the School's year ended June 30, 2026.

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Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

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

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

Note 3. Detailed Notes on All Funds, Continued

A. Deposits and Investments, Continued

At June 30, 2026, the School's carrying amount of deposits was $5,808,527, all of which was covered by FDIC insurance or collateralized.

Cash balances of $2,697,785 at June 30, 2026, are considered restricted for use of bond payments under the terms of a loan agreement.

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

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

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

B. Capital Assets

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2026
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 66,512	$ -	$ 66,512
Land	1,942,627	-	-	1,942,627
Total capital assets, not being depreciated	1,942,627	66,512	-	2,009,139
Capital assets, being depreciated and amortized:				
Buildings	23,229,391	-	-	23,229,391
Buildings improvements	403,306	-	-	403,306
Land improvements	392,176	-	-	392,176
Equipment	1,028,626	55,626	-	1,084,252
Vehicles	173,543	52,018	-	225,561
Right-of-use asset - property	-	30,546,957	-	30,546,957
Right-of-use asset - equipment	-	64,923	-	64,923
Total capital assets, being depreciated and amortized	25,227,042	30,719,524	-	55,946,566
Less accumulated depreciation and amortization				
Building	(3,916,274)	(695,185)	-	(4,611,459)
Building improvements	(93,365)	(26,877)	-	(120,242)
Land improvements	(152,369)	(26,783)	-	(179,152)
Equipment	(691,005)	(78,220)	-	(769,225)
Vehicles	(121,502)	(28,654)	-	(150,156)
Right-of-use asset - property	-	(1,068,542)	-	(1,068,542)
Right-of-use asset - equipment	-	(4,656)	-	(4,656)
Total accumulated depreciation and amortization	(4,974,515)	(1,928,917)	-	(6,903,432)
Total capital assets, being depreciated, net	20,252,527	28,790,607	-	49,043,134
Governmental activities capital assets, net	$ 22,195,154	$ 28,857,119	$ -	$ 51,052,273

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Note 3. Detailed Notes on All Funds, Continued

B. Capital Assets, Continued

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	$ 859,308
Support	1,069,609
Total depreciation and amortization expense	$ 1,928,917

C. Due to/From Other Funds

Interfund balances at June 30, 2026, consist of the following individual fund receivables and payables:

	Receivable	Payable
General fund	$ -	$ 459,626
Special revenue funds:		
Special projects fund	488,689	-
EIA fund	-	29,063
	$ 488,689	$ 488,689

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

The General Fund received transfers of $2,706,922 from the EIA Fund and 65,998 from the Special Projects Fund to align funding within the fund from which the majority of the School's expenditures are paid.

D. Long-term Obligations

Note payable to Partnership Investors – As part of the EB-5 program, the Partnership entered into an agreement with four limited partners on May 7, 2014. Each advanced $500,000 to the Partnership, for a total of $2,000,000. In return for these advances, under the EB-5 program, the limited partners are entitled to temporary US Work Visas. In 2019, two of the limited partners were repaid and withdrew from the Partnership. (The repayment of advances in 2019 was not recognized in the financial statements for the year ended June 30, 2021. The repayment of the reduced notes receivable and notes payable by $1,000,000, having no impact on the net position of the School.)

As of June 30, 2026, there is only one Visa outstanding. The Partnership expects to recognize the remaining $500,000, and therefore, the School has elected to treat these advances to the Partnership as notes payable in the Statement of Net Position. Under the partnership agreement, there is no specific due date of these obligations and there is no provision whereby the advance is payable upon request of the partner. Therefore, these notes have been treated as long-term obligations.

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

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Note 3. Detailed Notes on All Funds, Continued

D. Long-term Obligations, Continued

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

These bonds are subject to covenants for debt service coverage ratio, days of cash on hand, and certain other covenants. The debt service coverage ratio of 1.15:1.0 requirement is tested on each quarter ending date. The days of cash on hand requirement of 45 days is tested as of June 30 of each year. There is a requirement that ninety percent of accounts payable balances must be no more than 60 days old and ten percent no more than 90 days old. At June 30, 2026, management believes it is in compliance with the financial bond covenants.

The annual requirements to amortize the economic development revenue bonds outstanding as of June 30, 2026, are as follows:

Year Ending June 30	Bond Principal
2027	$ 340,000
2028	355,000
2029	375,000
2030	395,000
2031 - 2035	2,310,000
2036 - 2040	2,995,000
2041 - 2045	3,885,000
2046 - 2050	5,030,000
2051 - 2055	6,410,000
2056 - 2060	1,470,000
	$ 23,565,000

Interest expense for the year ended June 30, 2026 was $1,266,381.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Economic development revenue bonds	$ 23,885,000	$ -	$ (320,000)	$ 23,565,000	$ 340,000
Unamortized bond discount	(342,059)	-	13,962	(328,097)	-
Total bonds payable	23,542,941	-	(306,038)	23,236,903	340,000
Notes payable to Partnership investors	500,000	-	-	500,000	-
Total note payable	500,000	-	-	500,000	-
Total long-term obligations	$ 24,042,941	$ -	$ (306,038)	$ 23,736,903	$ 340,000

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Note 3. Detailed Notes on All Funds, Continued

E. Lease liability

The School's Irmo school facility lease commenced August 15, 2025, and extends through August 31, 2050, subject to the contractual school-year extension provision. Fixed rent is payable monthly in advance: $134,228 in Lease Year 1, $137,544 in Year 2, $141,018 in Year 3, $144,492 in Year 4 and $148,124 in Year 5, increasing 2.5% annually thereafter. The initial partial-month payment is $73,608.90. The discount rate is 4.71%. Purchase-option payments are excluded from measurement because exercise has not been established as reasonably certain. A refundable $25,000 security deposit is separate from the lease liability.

Copier arrangement SC2147 commenced December 1, 2025, and requires 60 monthly arrears payments of $749.39; its stated rate is 13.60%. SC2245 commenced May 12, 2026, and requires 60 monthly arrears payments of $735.31; its discount rate is 12.85%. Both arrangements provide $1 end purchase options, which are included in the measurement as reasonably certain to be exercised. Equipment rights are amortized over estimated useful lives of 60 months.

Future commitments for leases as of June 30, 2026, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2027	$ 233,152	$ 1,428,560	$ 1,661,712
2028	287,594	1,415,490	1,703,084
2029	345,120	1,399,653	1,744,772
2030	407,175	1,380,866	1,788,040
2031	467,283	1,359,073	1,826,356
2032-2036	3,397,506	6,378,645	9,776,151
2037-2041	5,739,599	5,321,218	11,060,817
2042-2046	8,891,726	3,622,573	12,514,299
2047-2051	10,561,142	1,109,775	11,670,917
	$ 30,330,297	$ 23,415,853	$ 53,746,150

Changes in lease liability - The following is a summary of changes in the School's right-to-use lease liability for the fiscal year ended June 30, 2026:

	Balance, July 1, 2025	Increases	Decreases	Balance, June 30, 2026	Current Portion
Governmental activities:					
Lease Liability	$ -	$ 30,611,880	$ (281,583)	$ 30,330,297	$ 233,152
Total	$ -	$ 30,611,880	$ (281,583)	$ 30,330,297	$ 233,152

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Note 4. Other Information

A. Risk Management

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

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

B. Employee Retirement Systems and Pension Plan

Description of the entity:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), 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 net pension liability, 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 generally accepted accounting principles (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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for 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, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Plan descriptions, continued:

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

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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

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 the 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 one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. 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.

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Benefits, continued:

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

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

Contributions:

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 and PORS 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. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified 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 percent funded.

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Benefits, continued:

Required employee contribution rates[1] are as follows:

	Fiscal Year 2026[1]	Fiscal Year 2025[1]
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates[1] are as follows:

	Fiscal Year 2026[1]	Fiscal Year 2025[1]
SCRS		
Employer Class Two	18.41%	18.41%
Employer Class Three	18.41%	18.41%
Employer Incidental Death Benefit	.15%	.15%
State ORP		
Employer Contribution[2]	18.41%	18.41%
Employer Incidental Death Benefit	.15%	.15%
PORS		
Employer Class Two	20.84%	20.84%
Employer Class Three	20.84%	20.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

[1] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
[2] Of this employer contribution, 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.

Pension expense:

For the year ended June 30, 2026, the School recognized pension expense of $1,869,711 and $35,332 for the SCRS and PORS plans at the measurement date of June 30, 2025, respectively.

Actuarial assumptions and methods:

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, 2025, is based on the experience study report for the period ending June 30, 2023.

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Actuarial assumptions and methods, continued:

The June 30, 2025, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2024. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2025, using generally accepted actuarial principles. There was no legislation enacted during the 2025 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2025:

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return[1]	7%	7%
Projected salary increases	3.0% to 11.25% (varies by service)[1]	3.5% to 11.0% (varies by service)[1]
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually
[1] *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, 2025, 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%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net pension liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2025, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 63,956,318,760	$ 42,347,352,061	$ 21,608,966,699	66.2%
PORS	10,857,734,777	8,092,430,248	2,765,304,529	74.5%

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Net pension liability, continued:

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 requirements of GASB 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2026, the School reported a liability of $5,270,940 and $95,252 for its proportionate share of the SCRS and PORS NPL, respectively, for the measurement date of June 30, 2025. The School's proportionate share of the NPL was based on a projection of the School's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2026, the School's proportionate share of the SCRS and PORS plans at the measurement date of June 30, 2025, were 0.024392% and 0.003445%, respectively.

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS	
	Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$ 247,301	$ -
Changes of assumptions	62,295	-
Net difference between projected and actual earnings on pension plan investments	-	338,414
Changes in proportion and differences between District contributions and proportionate share of contributions	1,560,546	-
District contributions subsequent to the measurement date	885,754	-
Total	$ 2,755,896	$ 338,414

	PORS	
	Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$ 11,183	$ -
Changes of assumptions	1,266	-
Net difference between projected and actual earnings on pension plan investments	-	8,971
Changes in proportion and differences between District contributions and proportionate share of contributions	27,615	24,380
District contributions subsequent to the measurement date	18,952	-
Total	$ 59,016	$ 33,351

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Deferred inflows of resources and deferred outflows of resources, continued:

The School reported $885,754 and $18,952 as of June 30, 2026 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Year ended June 30:	**SCRS**
2027	$ 1,365,250
2028	275,837
2029	(31,340)
2030	(78,019)
Thereafter	-
	$ 1,531,728

Year ended June 30:	**PORS**
2027	$ 24,895
2028	(8,522)
2029	(7,617)
2030	(2,043)
Thereafter	-
	$ 6,713

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Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2025 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 table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, 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%	5.87%	2.70%
Bonds	26.0%	3.20%	0.83%
Private Equity[1]	9.0%	8.50%	0.77%
Private Debt[1]	7.0%	7.40%	0.52%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	5.00%	0.45%
Infrastructure[1]	3.0%	7.70%	0.23%
Total Expected Return[2]	100.0%		5.50%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.75%

[1] RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.
[2] Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 15% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate:

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis:

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	**1.00% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
SCRS	$ 7,122,845	$ 5,270,940	$ 3,729,875
PORS	144,978	95,252	54,457

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Note 4. Other Information, Continued

B. Employee Retirement Systems and Pension Plan, Continued

Additional financial and actuarial information:

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2025, and the accounting valuation report as of June 30, 2025. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

C. Other Post-employment Benefits Trust Funds

General information:

The School also participates in the State of South Carolina's employee insurance programs. As previously discussed, PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is considered a division of the State of South Carolina primary government (the "State"), and therefore, the financial information of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) is also included in the ACFR of the State.

Plan description:

The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans.

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

The SCRHITF is a cost-sharing multiple-employer defined benefit OPEB plan. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary to insure the fiscal stability of the plan. 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.

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.

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Note 4. Other Information, Continued

C. Other Post-employment Benefits Trust Funds, Continued

Contributions and 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, 2025 was 6.35 percent. 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 also 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.

For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2025 totaled $783,035,001. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of $277,923.

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 net OPEB liability 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 net OPEB liability, 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.

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.

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Note 4. Other Information, Continued

C. Other Post-employment Benefits Trust Funds, Continued

Actuarial assumptions and methods:

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.

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.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2024
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:	5.05% as of June 30, 2025
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2023
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2020 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.80% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 15 years
Aging Factores:	Based on plan specific experience
Retiree Participation:	75% for retirees who are eligible for funded premiums 60% 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 3.97% as of June 30, 2024, to 5.05% as of June 30, 2025. Additionally, the demographic and salary increase assumption

The actuarial valuations were performed as of June 30, 2024. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2025.

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Note 4. Other Information, Continued

C. Other Post-employment Benefits Trust Funds, Continued

Net OPEB Liability:

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017:

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 % of Total OPEB Liability
June 30, 2025	$ 17,049,657,227	$ 1,931,391,247	$ 15,118,265,980	11.33%
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%
June 30, 2018	$ 15,387,115,010	$ 1,216,530,062	$ 14,170,584,948	7.91%
June 30, 2017	$ 14,659,610,970	$ 1,114,774,760	$ 13,544,836,210	7.60%

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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 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.

Single discount rate:

The Single Discount Rate of 5.05% was used to measure the total OPEB liability 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).

Note 4. Other Information, Continued

C. Other Post-employment Benefits Trust Funds, Continued

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%**

Sensitivity analysis:

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 5.05%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1.00% Decrease 4.05%	Discount Rate 5.05%	1.00% Increase 6.05%
SCRHITF Net OPEB Liability	$ 5,424,054	$ 4,629,515	$ 4,003,427

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
SCRHITF Net OPEB Liability	$ 3,875,745	$ 4,629,515	$ 5,609,556

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Note 4. Other Information, Continued

C. Other Post-employment Benefits Trust Funds, Continued

Deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2026, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SCRHITF	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 369,726	$ 547,904
Changes of assumptions	725,468	1,308,853
Net difference between projected and actual earnings on OPEB plan investments	-	5,040
Changes in proportion and differences between School contributions and proportionate share of contributions	3,225,899	-
School contributions subsequent to the measurement date	296,612	-
Total	$ 4,617,705	$ 1,861,797

As of June 30, 2026, the $296,612 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date for the SCRHITF plan which will be recognized as a reduction of the collective net OPEB liability for the School's year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School's OPEB expense as follows:

	SCRHITF
2027	$ 653,629
2028	538,629
2029	458,201
2030	638,111
2031	164,221
Thereafter	6,685
	$ 2,459,476

Additional financial and actuarial information:

Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the SCRHITF Funds audited financial statements for the fiscal year ended June 30, 2025, and the accounting and financial reporting actuarial valuations as of June 30, 2025. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the SCRHITF Funds audited financial statements.

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Note 4. Other Information, Continued

D. Commitments and Contingencies

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

Note 5. Subsequent Events

On July 22, 2026, the South Carolina Jobs-Economic Development Authority issued $91,775,000 of Educational Facilities Revenue Bonds (Gray Collegiate Academy Project), Series 2026 (tax-exempt), and loaned the proceeds to the School. The financing provides for the refunding of outstanding bonds issued in 2019 and 2021 for the School's West Columbia campus; the acquisition, construction, improvement, furnishing and equipping of facilities at the School's Irmo and Columbia campuses; the funding of capitalized interest and a debt service reserve fund; and the payment of issuance costs.

The bonds bear fixed interest rates ranging from 5.00% to 6.375%, with final maturity on July 1, 2066. Interest is payable semiannually on January 1 and July 1, beginning January 1, 2027. The School is obligated to make loan payments sufficient to service the bonds. The financing is secured by pledged gross revenues and mortgage liens on School property, subject to the terms of the financing documents.

The issuance is a nonrecognized subsequent event and does not adjust the amounts reported in the School's financial statements as of and for the year ended June 30, 2026. The new borrowing and related financing transactions are reportable in the fiscal year ending June 30, 2027 when consummated.

The School evaluated subsequent events through _____, the date the financial statements were issued. Other than the event described above, no subsequent events requiring adjustment to or disclosure in the financial statements were identified.

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Gray Collegiate Academy, Inc.

Schedule of the School's Proportionate Share of the Net Pension Liability

For the year ended June 30,

	SCRS		
	2026	**2025**	**2024**
School's proportion of the net pension liability	0.024392%	0.021671%	0.018727%
School's proportionate share of the net pension liability	$ 5,270,940	$ 5,081,889	$ 4,527,755
School's covered payroll during the measurement period	$ 3,195,902	$ 2,977,958	$ 2,367,665
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.93%	170.65%	191.23%
Plan fiduciary net position as a percentage of the total pension liability	66.2%	61.8%	58.6%

	PORS		
	2026	**2025**	**2024**
School's proportion of the net pension liability	0.003445%	0.004565%	0.004662%
School's proportionate share of the net pension liability	$ 95,252	$ 136,941	$ 141,903
School's covered payroll during the measurement period	$ 72,349	$ 90,900	$ 81,680
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.66%	150.65%	173.73%
Plan fiduciary net position as a percentage of the total pension liability	74.5%	70.5%	67.8%

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 is available.

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Gray Collegiate Academy, Inc.

Schedule of the School's Contributions - Pension

For the year ended June 30,

	SCRS		
	2026	**2025**	**2024**
Contractually required contribution	$ 885,754	$ 593,160	$ 552,709
Contributions in relation to the contractually required contribution	885,754	593,160	552,709
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 4,772,378	$ 3,195,902	$ 2,977,958
Contributions as a percentage of covered-employee payroll	18.56%	18.56%	18.56%

	PORS		
	2026	**2025**	**2024**
Contractually required contribution	$ 18,952	$ 15,367	$ 19,308
Contributions in relation to the contractually required contribution	18,952	15,367	19,308
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 89,228	$ 72,349	$ 90,900
Contributions as a percentage of covered-employee payroll	21.24%	21.24%	21.24%

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.

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Gray Collegiate Academy, Inc.

Schedule of the School's Proportionate Share of the Net OPEB Liability

For the year ended June 30,

	SCRHITF		
	2026	**2025**	**2024**
School's proportion of the net OPEB liability	0.030602%	0.027678%	0.021574%
School's proportionate share of the net OPEB liability	$ 4,629,515	$ 4,462,192	$ 3,295,651
School's covered payroll during the measurement period	$ 3,268,251	$ 3,068,858	$ 2,449,345
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	141.65%	145.40%	134.55%
Plan fiduciary net position as a percentage of the total OPEB liability	11.33%	9.91%	11.24%

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.

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Gray Collegiate Academy, Inc.

Schedule of the School's Contributions - OPEB

For the year ended June 30,

	SCRHITF		
	2026	**2025**	**2024**
Contractually required contribution	$ 296,612	$ 207,576	$ 197,055
Contributions in relation to the contractually required contribution	296,612	207,576	197,055
Contribution deficiency (excess)	$ -	$ -	$ -
School's covered-employee payroll	$ 4,861,606	$ 3,268,251	$ 3,068,858
Contributions as a percentage of covered-employee payroll	6.10%	6.35%	6.42%

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.

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Gray Collegiate Academy, Inc.
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2026

	Original Budget	Final Budget	Variance with Final Budget - over (under) Original Budget	Actual	Variance from Final Budget
Revenues					
1000 Revenue from local sources					
1300 Tuition					
1310 Tuition from patrons for regular day school	$ 225,000	$ 225,000	$ -	$ 294,650	$ 69,650
1500 Earnings on investments					
1510 Interest on investments	10,000	10,000	-	139,368	129,368
1900 Other revenue from local sources					
1990 Miscellaneous local revenue					
1999 Revenue from other local services	100,000	100,000	-	419,951	319,951
Total revenue from local sources	335,000	335,000	-	853,969	518,969
3000 Revenue from state sources					
3100 Restricted state funding					
3103 State aid to classrooms	13,033,692	13,033,692	-	13,292,205	258,513
3130 Special programs					
3181 Retiree insurance	-	-	-	195,827	195,827
Total revenue from state sources	13,033,692	13,033,692	-	13,488,032	454,340
Total revenue all sources	13,368,692	13,368,692	-	14,342,001	973,309
Expenditures					
100 Instruction					
110 General instruction					
111 Kindergarten programs					
100 Salaries	777,640	777,640	-	-	777,640
	777,640	777,640	-	-	777,640
113 Elementary programs					
100 Salaries	1,438,000	1,438,000	-	1,653,141	(215,141)
200 Employee benefits	711,646	711,646	-	714,169	(2,523)
300 Purchased services	8,000	8,000	-	35,491	(27,491)
400 Supplies and materials	8,000	8,000	-	2,756	5,244
600 Other objects	400	400	-	-	400
	2,166,046	2,166,046	-	2,405,557	(239,511)
114 High school programs					
100 Salaries	1,780,100	1,780,100	-	2,012,529	(232,429)
200 Employee benefits	845,734	845,734	-	848,829	(3,095)
300 Purchased services	27,500	27,500	-	24,915	2,585
400 Supplies and materials	40,100	40,100	-	115,321	(75,221)
500 Capital outlay	5,000	5,000	-	-	5,000
600 Other objects	400	400	-	654	(254)
	2,698,834	2,698,834	-	3,002,248	(303,414)
115 Career and technology education programs					
100 Salaries	210,000	210,000	-	291,406	(81,406)
200 Employee benefits	97,807	97,807	-	128,212	(30,405)
300 Purchased services	2,000	2,000	-	-	2,000
400 Supplies and materials	1,500	1,500	-	463	1,037
	311,307	311,307	-	420,331	(109,024)
120 Exceptional programs					
124 Visually handicapped					
300 Purchased services	-	-	-	2,880	(2,880)
	-	-	-	2,880	(2,880)
125 Hearing handicapped					
300 Purchased services	2,000	2,000	-	2,560	(560)
	2,000	2,000	-	2,560	(560)
126 Speech handicapped					
300 Purchased services	4,000	4,000	-	8,095	(4,095)
	4,000	4,000	-	8,095	(4,095)
127 Learning disabilities					
100 Salaries	149,966	149,966	-	183,559	(33,593)
200 Employee benefits	66,860	66,860	-	84,124	(17,264)
300 Purchased services	700	700	-	580	120
400 Supplies and materials	400	400	-	-	400
	217,926	217,926	-	268,263	(50,337)

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

Gray Collegiate Academy, Inc.
Budgetary Comparison Schedule - General Fund, Continued
For the year ended June 30, 2026

	Original Budget	Final Budget	Variance with Final Budget - over (under) Original Budget	Actual	Variance from Final Budget
Expenditures, Continued					
100 Instruction					
170 Summer school programs					
175 Instructional programs beyond regular school day					
100 Salaries	6,500	6,500	-	1,554	4,946
200 Employee benefits	2,179	2,179	-	495	1,684
	8,679	8,679	-	2,049	6,630
Total instruction	6,186,432	6,186,432	-	6,111,983	74,449
200 Support services					
210 Pupil services					
211 Attendance and work services					
100 Salaries	111,810	111,810	-	-	111,810
	111,810	111,810	-	-	111,810
212 Guidance services					
100 Salaries	371,300	371,300	-	416,375	(45,075)
200 Employee benefits	174,309	174,309	-	171,554	2,755
300 Purchased services	125	125	-	-	125
400 Supplies and materials	1,000	1,000	-	301	699
	546,734	546,734	-	588,230	(41,496)
213 Health services					
100 Salaries	110,980	110,980	-	97,586	13,394
200 Employee benefits	55,942	55,942	-	37,889	18,053
300 Purchased services	15,000	15,000	-	15,418	(418)
400 Supplies and materials	2,500	2,500	-	13,914	(11,414)
600 Other objects	100	100	-	-	100
	184,522	184,522	-	164,807	19,715
214 Psychological services					
300 Purchased services	16,000	16,000	-	14,986	1,014
	16,000	16,000	-	14,986	1,014
230 General administrative services					
231 Board of education					
300 Purchased services	99,000	99,000	-	70,816	28,184
318 Audit services	-	-	-	22,500	(22,500)
400 Supplies and materials	2,500	2,500	-	122	2,378
600 Other objects	55,500	55,500	-	117,613	(62,113)
	157,000	157,000	-	211,051	(54,051)
233 School administration					
100 Salaries	656,400	656,400	-	851,084	(194,684)
200 Employee benefits	244,643	244,643	-	264,171	(19,528)
300 Purchased services	1,602,000	1,602,000	-	1,058,548	543,452
400 Supplies and materials	37,000	37,000	-	147,348	(110,348)
600 Other objects	270,000	270,000	-	339,745	(69,745)
	2,810,043	2,810,043	-	2,660,896	149,147
250 Finance and operations services					
252 Fiscal services					
100 Salaries	308,382	308,382	-	376,633	(68,251)
200 Employee benefits	114,813	114,813	-	128,597	(13,784)
300 Purchased services	15,000	15,000	-	21,621	(6,621)
400 Supplies and materials	9,500	9,500	-	152	9,348
600 Other objects	20,000	20,000	-	25,932	(5,932)
	467,695	467,695	-	552,935	(85,240)
253 Facilities acquisition and construction					
300 Purchased services	150,000	150,000	-	18,780	131,220
500 Capital outlay					
520 Construction services	300,000	300,000	-	10,000	290,000
540 Equipment	50,000	50,000	-	32,392	17,608
	500,000	500,000	-	61,172	438,828
254 Operation and maintenance of plant					
100 Salaries	185,864	185,864	-	248,293	(62,429)
200 Employee benefits	79,166	79,166	-	80,756	(1,590)
300 Purchased services	360,800	360,800	-	363,162	(2,362)
400 Supplies and materials	150,000	150,000	-	45,700	104,300
	775,830	775,830	-	976,695	(200,865)

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

Gray Collegiate Academy, Inc.
Budgetary Comparison Schedule - General Fund, Continued
For the year ended June 30, 2026

	Original Budget	Final Budget	Variance with Final Budget - over (under) Original Budget	Actual	Variance from Final Budget
Expenditures, Continued					
200 Support services, continued					
255 Student transportation (state mandated)					
300 Purchased services	30,000	30,000	-	71,497	(41,497)
600 Other objects	36,500	36,500	-	431	36,069
	66,500	66,500	-	73,461	(6,961)
258 Security					
100 Salaries	45,166	45,166	-	107,930	(62,764)
200 Employee benefits	36,527	36,527	-	49,265	(12,738)
300 Purchased services	-	-	-	13,016	(13,016)
400 Supplies and materials	250	250	-	-	250
	81,943	81,943	-	170,211	(88,268)
260 Central support services					
266 Technology and data processing services					
100 Salaries	201,964	201,964	-	243,419	(41,455)
200 Employee benefits	95,140	95,140	-	88,970	6,170
300 Purchased services	55,000	55,000	-	96,558	(41,558)
400 Supplies and materials	20,000	20,000	-	109,418	(89,418)
500 Capital outlay	-	-		66,512	(66,512)
	372,104	372,104	-	604,877	(232,773)
270 Support services - pupil activity					
271 Pupil service activities					
100 Salaries	452,955	452,955	-	612,519	(159,564)
200 Employee benefits	209,186	209,186	-	241,614	(32,428)
300 Purchased services	356,475	356,475	-	254,098	102,377
400 Supplies and materials	155,750	155,750	-	173,801	(18,051)
	1,174,366	1,174,366	-	1,295,240	(120,874)
Total support services	7,264,547	7,264,547	-	7,374,561	(110,014)
500 Debt service					
610 Redemption of principal	320,000	320,000	-	320,000	-
620 Interest	1,330,000	1,330,000	-	1,217,694	112,306
	1,650,000	1,650,000	-	1,537,694	112,306
Total expenditures	15,100,979	15,100,979	-	15,024,238	76,741
Other financing sources					
Interfund transfers from (to) other funds:					
5220 Transfer from special revenue fund	-	-	-	65,998	(65,998)
5230 Transfer from special revenue EIA fund	2,743,966	2,743,966	-	2,706,922	37,044
Total other financing sources	2,743,966	2,743,966	-	2,772,920	(28,954)
Excess (deficiency) of revenues over (under) expenditures	$ 1,011,679	$ 1,011,679	$ -	2,090,683	$ 1,079,004
Fund balance, beginning of year				3,540,271	
Fund balance, end of year				$ 5,630,954	

Notes to Required Supplementary Information - Budgetary Comparison Schedule

	General Fund over (under)
Budgetary Revenues	
Differences - final budget to actual	
Other local revenues exceeded the final budget by $319,951, primarily due to an unbudgeted reimbursement for computers.	319,951
State aid to classrooms exceeded the final budget by $258,813 due to changes in the state funding formula and variations in enrollment.	258,513
Budgetary Expenditures	
Differences - final budget to actual	
Kindergarten salary expenditures were below budget because the related costs were paid from another fund rather than the General Fund.	777,640
High school salary expenditures were exceeded the budget because additional salary costs were incurred that were not included in the budget.	(232,429)
School-administration purchased services were below budget because the related costs were paid from another fund rather than the General Fund.	543,452
Construction expenditures were below budget because the related costs were paid from another fund rather than the General Fund.	290,000

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

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Gray Collegiate Academy, Inc.

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

For the year ended June 30, 2026

	Title 1 (201)	IDEA (203/204)	CATE (207/208)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200s/800s)	Student Activity Funds (700s)	Total
Revenues							
1000 Revenue from local sources							
1500 Earnings on investments							
1510 Interest on investments	$ -	$ -	$ -	$ -	$ -	$ 2,160	$ 2,160
1700 Pupil activities							
1790 Other pupil activity income	-	-	-	-	-	946,373	946,373
1900 Other revenue from local sources							
1910 Rentals	-	-	-	-	-	22,170	22,170
1920 Contributions and donations from private sources	-	-	-	-	-	105,870	105,870
1999 Revenue from other local sources	-	-	-	-	15,014	-	15,014
Total revenue from local sources	-	-	-	-	15,014	1,076,573	1,091,587
3000 Revenue from state sources							
3100 Restricted state funding							
3130 Special programs							
3187 Teacher supplies (no carryover)	-	-	-	12,405	-	-	12,405
3600 Education lottery act revenue							
3699 Other state lottery programs	-	-	-	78,333	-	-	78,333
Total revenue from state sources	-	-	-	90,738	-	-	90,738
4000 Revenue from federal sources							
4200 Occupational education							
4210 Perkins aid, title I, - career and technology education	-	-	3,815	-	-	-	3,815
4300 Elementary and secondary education act of 1965 (ESEA)							
4343 McKinney-Vento education for homeless children and youth program	763	-	-	-	-	-	763
4351 Supporting effective instruction	-	-	-	-	25,417	-	25,417
4500 Programs for children with disabilities							
4510 Individuals with Disabilities Education Act (IDEA)	-	12,042	-	-	-	-	12,042
Total revenue from federal sources	763	12,042	3,815	-	25,417	-	42,037
Total revenue all sources	763	12,042	3,815	90,738	40,431	1,076,573	1,224,362
Expenditures							
100 Instruction							
110 General instruction							
113 Elementary programs							
100 Salaries	-	-	-	72,000	-	-	72,000
200 Employee benefits	-	-	-	4,438	-	-	4,438
400 Supplies and materials	-	-	-	12,400	-	-	12,400
	-	-	-	88,838	-	-	88,838
114 High school programs							
100 Salaries	-	-	-	1,760	-	-	1,760
200 Employee benefits	-	-	-	135	-	-	135
400 Supplies and materials	-	-	-	5	-	-	5
	-	-	-	1,900	-	-	1,900
115 Career and technology education programs							
400 Supplies and materials	-	-	387	-	-	-	387
500 Capital outlay	-	-	3,428	-	-	-	3,428
	-	-	3,815	-	-	-	3,815
Total instruction	-	-	3,815	90,738	-	-	94,553

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

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Gray Collegiate Academy, Inc.

Schedule of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund, Continued

For the year ended June 30, 2026

	Title 1 (201)	IDEA (203/204)	CATE (207/208)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200s/800s)	Student Activity Funds (700s)	Total
Expenditures, Continued							
200 Support services							
220 Instructional staff services							
224 Improvement of instruction inservice and staff training							
100 Salaries	-	10,193	-	-	14,800	-	24,993
200 Employee benefits	-	1,849	-	-	1,132	-	2,981
	-	12,042	-	-	15,932	-	27,974
250 Finance and operations services							
251 Student transportation							
300 Purchased services	763	-	-	-	-	-	763
	763	-	-	-	-	-	763
260 Central support services							
264 Staff services							
100 Salaries	-	-	-	-	9,000	-	9,000
200 Employee benefits	-	-	-	-	485	-	485
	-	-	-	-	9,485	-	9,485
260 Support services - pupil activity							
266 Pupil service activities							
300 Purchased services	-	-	-	-	15,014	-	15,014
	-	-	-	-	15,014	-	15,014
270 Support services - pupil activity							
271 Pupil service activities							
100 Salaries	-	-	-	-	-	23,475	23,475
200 Employee benefits	-	-	-	-	-	4,162	4,162
300 Purchased services	-	-	-	-	-	185,024	185,024
400 Supplies and materials	-	-	-	-	-	375,566	375,566
500 Capital outlay	-	-	-	-	-	52,018	52,018
660 Pupil activity	-	-	-	-	-	136,535	136,535
	-	-	-	-	-	776,780	776,780
Total support services	763	12,042	-	-	40,431	776,780	830,016
300 Community services							
390 Other community services							
300 Purchased services	-	-	-	-	-	16,155	16,155
400 Supplies and materials	-	-	-	-	-	15,983	15,983
600 Other objects	-	-	-	-	-	16,234	16,234
	-	-	-	-	-	48,372	48,372
Total community services	-	-	-	-	-	48,372	48,372
Total expenditures	763	12,042	3,815	90,738	40,431	825,152	972,941
Other financing uses							
Interfund transfers from (to) other funds:							
420-710 Transfer to general fund (excludes IC)	-	-	-	-	-	(65,998)	(65,998)
Total other financing sources (uses)	-	-	-	-	-	(65,998)	(65,998)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	185,423	185,423
Fund balance, beginning of year	-	-	-	-	-	422,324	422,324
Fund balance, end of year	$ -	$ -	$ -	$ -	$ -	$ 607,747	$ 607,747

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

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Gray Collegiate Academy, Inc.

Schedule of Revenues, Expenditures and Changes in Fund Balance - Education Improvement Act

For the year ended June 30, 2026

Revenues				
3000	Revenue from state sources			
	3500	Education Improvement Act (EIA)		
		3503	State aid to classrooms	$ 2,706,922
		3518	Adoption list of formative assessment	4,925
		3526	Refurbishment of science kits	2,034
		3529	Career and technology education	50,414
		3532	National board salary supplement	16,539
		3577	Teacher supplies (no carryover provision)	15,600
		3599	Other EIA	1,254
			Total revenue from state sources	2,797,688
			Total revenues	2,797,688
Expenditures				
100	Instruction			
	110	General instruction		
		113	Elementary programs	
			100 Salaries	5,000
			200 Employee benefits	1,608
			400 Supplies and materials	20,645
				27,253
		114	High school programs	
			100 Salaries	7,500
			200 Employee benefits	2,431
			400 Supplies and materials	1,914
				11,845
		115	Career and technology education programs	
			300 Purchased services	6,166
			400 Supplies and materials	34,442
			500 Capital outlay	9,806
				50,414
			Total instruction	89,512
200	Support services			
	260	Central support services		
		266	Technology and data processing services	
			300 Purchased services	1,254
				1,254
			Total support services	1,254
			Total expenditures	90,766
Other financing uses				
	420-710	Transfer to general fund		(2,706,922)
			Total other financing uses	(2,706,922)
	Excess of revenues over expenditures			-
Fund balance, beginning of year				-
Fund balance, end of year				$ -

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

Gray Collegiate Academy, Inc.

Summary Schedule for Designated State Restricted Grants - Special Projects Fund

For the year ended June 30, 2026

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/ (Out)	Unearned Revenue
917	3187	Teacher supplies	$ 12,405	$ 12,405	$ -	$ -
969	3699	Other state lottery programs	78,333	78,333	-	-
		Total	$ 90,738	$ 90,738	$ -	$ -

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

Gray Collegiate Academy, Inc.

Summary Schedule by Program - Education Improvement Act

For the year ended June 30, 2026

		Revenues	Expenditures	Transfers In/Out	Unearned Revenue
3500	Education Improvement Act (EIA)				
3503	State aid to classrooms	$ 2,706,922	$ -	$ (2,706,922)	$ -
3518	Adoption list of formative assessment	4,925	4,925		-
3526	Reimbursements of science kits	2,034	2,034	-	-
3529	Career and technology education	50,414	50,414	-	-
3532	National board salary supplement	16,539	16,539	-	-
3533	Teacher of the year awards	-	-		1,077
3577	Teacher supplies (no carryover provision)	15,600	15,600	-	-
3599	Other EIA	1,254	1,254	-	-
	Total	$ 2,797,688	$ 90,766	$ (2,706,922)	$ 1,077

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

Gray Collegiate Academy, Inc.

Detailed Schedule of Due to State Department of Education / Federal Government

As of June 30, 2026

Program	Grant or Project number	Revenue Code	Description	Amount Due	Status of Amount Due
EEDA - Supplies and materials	395	3595	EEDA - Supplies and materials	$ 3,888.16	Unpaid.

DRAFT

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gray Collegiate Academy, Inc. (the "School") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated _____.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Greenwood, South Carolina

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A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness identified?	_____	yes	X	no
• Significant deficiency identified?	_____	yes	X	none reported
Noncompliance material to financial statements noted?	_____	yes	X	no

B. FINANCIAL STATEMENT FINDINGS

None.

C. FINDINGS - COMPLIANCE

None.

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2025-001: Teacher Certification Compliance

Condition: South Carolina Code of Laws section 59-40-50-5 states, charter schools may hire noncertified teachers in a ratio of up to twenty-five percent of its entire teacher staff. The School maintained twenty-eight certified teachers out of a total of forty teachers, which was a ratio of 73.70%. This is an instance of noncompliance with South Carolina Code 59-40-50-5.

Criteria: South Carolina Code of Laws section 59-40-50-5 states, charter schools may hire noncertified teachers in a ratio of up to twenty-five percent of its entire teacher staff.

Effect: The School did not meet the state law requirements.

Cause: The School's internal control over monitoring teacher certification did not function properly to maintain proper coverage with South Carolina laws.

Recommendation: We recommend the School implement a hiring policy to ensure compliance with applicable state laws.

Status: This finding was not repeated during the current year.

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