

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

WEST COLUMBIA, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2023

(With Independent Auditors' Report Thereon)

**GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Gray Collegiate Academy, Inc. ("the School"), a component unit of The Charter Institute at Erskine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the accompanying table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Gray Collegiate Academy, Inc.'s internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

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, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the School's assets exceeded liabilities at the close of the most recent fiscal year by \$1,004,044 (net position). Of this amount, however, \$3,576,133 is restricted under terms of a debt agreement and for food service programs. Therefore, the School reported an unrestricted net deficit of \$2,575,089.

The School's net position decreased by \$610,310 during the current fiscal year, as compared to an increase of \$63,623 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$20,298,827.

The School made its scheduled debt payments during the year.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$4,325,550, compared to a fund balance of \$14,966,239 in the previous fiscal year. This decrease was primarily due to the School expending \$11,494,514 on its capital project, using funds borrowed in the previous year.

During the 2023 fiscal year, the School's governmental fund-type revenues were \$9,892,031. The School reported governmental fund-type revenues of \$8,211,745 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$20,532,720, which included \$11,494,514 in capital expenditures.

Overall

The 135-day student count increased by 135, from 669 students in the prior year to 804 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

**GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

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

Other Information

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

**Major Features of Gray Collegiate Academy, Inc.
Government-Wide and Fund Financial Statements**

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

GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets were greater than liabilities by \$1,004,044 at the close of the most recent fiscal year.

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

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 5,597,305	\$ 17,431,224
Capital assets	20,298,827	11,064,318
Other non-current assets	1,000,000	1,000,000
Total assets	<u>26,896,132</u>	<u>29,495,542</u>
Deferred Outflows of Resources	<u>514,084</u>	<u>-</u>
Liabilities		
Long-term liabilities	25,110,491	25,392,275
Other liabilities	1,295,681	2,488,913
Total liabilities	<u>26,406,172</u>	<u>27,881,188</u>
Net Position		
Net investment in capital assets	-	-
Restricted net position	3,579,133	2,308,020
Unrestricted net position	<u>(2,575,089)</u>	<u>(693,666)</u>
Total net position	<u>\$ 1,004,044</u>	<u>\$ 1,614,354</u>

During the fiscal year, net position of the School's governmental activities decreased by \$610,310. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$2,575,089) at June 30, 2023.

GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

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

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Operating grants	\$ 9,393,698	\$ 7,833,450
Charges for services	118,864	290,562
General revenue:		
Other revenue	379,468	81,566
Total revenues	9,892,030	8,205,578
Program Expenses		
Instruction	2,649,186	2,025,126
Support services	6,551,985	4,855,684
Interest and other charges	1,301,169	1,261,146
Total expenses	10,502,340	8,141,956
Increase (decrease) in net position	\$ (610,310)	\$ 63,622

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, June 30, 2023, the School's Governmental Funds reported combined fund balances of \$4,325,550 as compared to \$14,966,239 in the previous year. This decrease was due primarily to the School expending \$11,494,514 on its capital project, using funds borrowed in the previous year.

The Special Revenue Funds consists of various federal, state, and local funds, and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The majority of the funds that were received during the year were expended during the current fiscal year; therefore, the only fund balance at the end of the current year relates to the School's food service activities.

General Fund Budgetary Highlights

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

GRAY COLLEGIATE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the School had \$20,298,827 net investment in capital assets. The year-end total of capital assets was \$23,673,487, with a total accumulated depreciation of \$3,374,660. The depreciation expense taken during the year was \$360,386, and capital asset additions were \$9,594,895.

The following table shows fiscal 2023 and 2022:

	Capital Assets	
	(Net of Depreciation)	
	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Land	\$ 1,942,627	\$ 1,942,627
Construction in progress	12,221,514	2,626,619
Building	5,556,594	6,011,776
Building improvements	153,148	240,937
Land improvements	188,520	116,288
Vehicles	192,248	56,465
Equipment	<u>44,176</u>	<u>69,606</u>
Totals	<u>\$ 20,298,827</u>	<u>\$ 11,064,318</u>

Long-term Debt

At fiscal year-end, the School had \$25,110,491 in long-term debt. The School had \$24,110,491 in economic development bonds, net of the related bond discounts. Gray Collegiate Academy, Limited Partnership received advances in 2014. The Partnership expects to repay these advances totaling \$1,000,000, and therefore, the School has elected to treat these advances as notes payable on the Statement of Net Position.

Economic Factors

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

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

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 3833 Leaphart Road, West Columbia, South Carolina 29169.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Net Position
June 30, 2023

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,796,495
Restricted cash and cash equivalents	3,436,683
Due from other governmental units	341,227
Prepaid items	20,493
Other receivables	2,407
Notes receivable	1,000,000
Capital assets	23,673,487
Less accumulated depreciation and amortization	<u>(3,374,660)</u>
Total capital assets, net of depreciation	<u>20,298,827</u>
Total assets	<u>26,896,132</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred pension and OPEB charges	<u>514,084</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	1,251,527
Unearned revenue	19,146
Due to other governmental units	1,500
Funds held for student activity fund	23,508
Long-term liabilities:	
Due within one year	290,000
Due in more than one year	<u>24,820,491</u>
Total liabilities	<u>26,406,172</u>
<u>NET POSITION</u>	
Net investment in capital assets	-
Restricted net position	3,579,133
Unrestricted net position	<u>(2,575,089)</u>
Total net position	<u>\$ 1,004,044</u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 2,649,186	\$ 118,864	\$ 2,369,535	\$ (160,787)
Support services	6,551,985	-	5,860,347	(691,638)
Interest and other charges	1,301,169	-	1,163,816	(137,353)
Total governmental activities	<u>10,502,340</u>	<u>118,864</u>	<u>9,393,698</u>	<u>(989,778)</u>
Total	<u>\$ 10,502,340</u>	<u>\$ 118,864</u>	<u>\$ 9,393,698</u>	<u>(989,778)</u>
General revenues:				
				116,344
				263,124
Total general revenues				<u>379,468</u>
Change in net position				(610,310)
Net position, beginning of year				<u>1,614,354</u>
Net position, end of year				<u>\$ 1,004,044</u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,796,495	\$ -	\$ -	\$ 1,796,495
Restricted caah	3,436,683	-	-	3,436,683
Due from other governmental units	-	321,030	20,197	341,227
Due from other funds	127,366	-	-	127,366
Prepaid items	20,493	-	-	20,493
Other receivables	2,407	-	-	2,407
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>5,383,444</u>	\$ <u>321,030</u>	\$ <u>20,197</u>	\$ <u>5,724,671</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,200,344	\$ 27,257	\$ -	\$ 1,227,601
Funds held for student activity	23,508	-	-	23,508
Due to other funds	-	126,315	1,051	127,366
Due to other governmental units	-	1,500	-	1,500
Unearned revenue	-	-	19,146	19,146
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,223,852</u>	<u>155,072</u>	<u>20,197</u>	<u>1,399,121</u>
Fund balances:				
Nonspendable	20,493	-	-	20,493
Restricted	3,413,175	165,958	-	3,579,133
Unassigned	725,924	-	-	725,924
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,159,592</u>	<u>165,958</u>	<u>-0-</u>	<u>4,325,550</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ <u>5,383,444</u>	\$ <u>321,030</u>	\$ <u>20,197</u>	\$ <u>5,724,671</u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balance - Governmental Funds	\$	4,325,550
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Funds. The cost of assets is \$23,673,487 and the accumulated depreciation is \$3,374,660.		20,298,827
Notes receivable that are not expected to be collected within one year are not reported in the Governmental Funds.		1,000,000
Deferred outflows related to the pension and OPEB plans are applicable to future periods and, therefore, are not reported in the Governmental Funds.		514,084
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		<u>(25,134,417)</u>
Net position of governmental activities	\$	<u><u>1,004,044</u></u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 511,988	\$ 501,826	\$ -	\$ 1,013,814
State	6,825,126	57,954	1,247,411	8,130,491
Federal	-	747,726	-	747,726
Intergovernmental	-	-	-	-
	<u>7,337,114</u>	<u>1,307,506</u>	<u>1,247,411</u>	<u>9,892,031</u>
EXPENDITURES				
Current:				
Instruction	2,204,789	424,119	7,522	2,636,430
Support services	4,205,777	566,453	61,983	4,834,213
Community services	-	21,085	-	21,085
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	279,668	-	-	279,668
Interest and other	1,266,810	-	-	1,266,810
Capital outlay	11,364,623	129,891	-	11,494,514
	<u>19,321,667</u>	<u>1,141,548</u>	<u>69,505</u>	<u>20,532,720</u>
Excess (deficiency) of revenues over expenditures	<u>(11,984,553)</u>	<u>165,958</u>	<u>1,177,906</u>	<u>(10,640,689)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,177,906	-	-	1,177,906
Operating transfers out	-	-	(1,177,906)	(1,177,906)
	<u>1,177,906</u>	<u>-</u>	<u>(1,177,906)</u>	<u>-</u>
Net changes in fund balance	(10,806,647)	165,958	-0-	(10,640,689)
FUND BALANCE, July 1, 2022	<u>14,966,239</u>	<u>-0-</u>	<u>-0-</u>	<u>14,966,239</u>
FUND BALANCE, June 30, 2023	<u>\$ 4,159,592</u>	<u>\$ 165,958</u>	<u>\$ -0-</u>	<u>\$ 4,325,550</u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Total net changes in fund balance - Governmental Funds	\$ (10,640,689)
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$9,594,895), less disposals, exceeds depreciation (\$360,386) in the period.</p>	9,234,509
<p>Contributions made by the employer to the pension plan and OPEB plan in the current fiscal year are not included in the Statement of Activities.</p>	514,084
<p>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.</p>	(13,488)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>295,274</u>
Change in net position of governmental activities	<u><u>\$ (610,310)</u></u>

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2014. Through June 30, 2018, the School operated within the South Carolina Public Charter School District. The School transferred to The Charter Institute at Erskine (“the Institute”) effective July 1, 2018 and has operated under the Institute since. The School serves approximately 805 students from grade seventh through grade twelve in Lexington County, South Carolina, with a focus on earning college credits in conjunction with a high school diploma.

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-Wide and Fund Financial Statements, Continued

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

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

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

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

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

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

The School reports the following major Governmental Funds:

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

1) Deposits and Investments

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

2) Bond Fund

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

3) Bond Reserve Fund

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

4) Bond Project Fund

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

5) Prepaid Items

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

6) Receivables and Payables

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

7) Notes Receivable

Amounts advanced to American Charter Development to assist in financing construction of a facility are recorded as notes receivable. As of June 30, 2023, the balance of these notes receivable was \$1,000,000.

8) Capital Assets

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

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

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

9) Unearned revenue

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

10) Long-term Obligations

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

11) Pension Plan

Effective July 1, 2022, the School became a participating employer in the South Carolina Retirement System (“SCRS”). As of the measurement date of June 30, 2022, the School’s employees were not yet participants. Therefore, no pension liability and expense has been recorded as of June 30, 2023. 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 will recognize a net pension liability (“NPL”), which represents the School’s proportionate share of the excess of the total pension liability 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 will be 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 will be 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 will be recognized as a component of pension expense. Differences between projected and actual investment earnings will be 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. As of the measurement date of June 30, 2022, the School’s employees were not yet participants. Therefore, no liability and expense has been recorded as of June 30, 2023. 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.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

13) Deferred Outflows/Inflows of Resources, Continued

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

14) Fund Equity

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

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

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The School has \$3,413,175 in fund balances restricted under the terms of its bond agreements and \$165,958 in fund balances restricted for its food service program.

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.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

At June 30, 2023, the School's carrying amount of deposits was \$3,054,681, all of which was covered by FDIC insurance or collateralized.

Cash balances of \$3,436,683 at June 30, 2023 are maintained in the bond fund, bond reserve fund, and project fund, and are restricted under the terms of a loan agreement.

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

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

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,942,627	\$ -	\$ -	\$ 1,942,627
Construction in progress	2,626,619	9,594,895	-	12,221,514
	<u>4,569,246</u>	<u>9,594,895</u>	<u>-</u>	<u>14,164,141</u>
Capital assets, being depreciated:				
Buildings	8,117,873	-	-	8,117,873
Building improvements	197,540	-	-	197,540
Land improvements	290,156	-	-	290,156
Equipment	782,730	-	-	782,730
Vehicles	121,047	-	-	121,047
	<u>9,509,346</u>	<u>-</u>	<u>-</u>	<u>9,509,346</u>
Less accumulated depreciation for:				
Buildings	2,284,156	277,123	-	2,561,279
Building improvements	38,967	5,425	-	44,392
Land improvements	96,329	5,307	-	101,636
Equipment	551,369	39,113	-	590,482
Vehicles	43,453	33,418	-	76,871
	<u>3,014,274</u>	<u>360,386</u>	<u>-</u>	<u>3,374,660</u>
Total capital assets being depreciated, net	<u>6,495,072</u>	<u>(360,386)</u>	<u>-</u>	<u>6,134,686</u>
Governmental Activities capital assets, net	<u>\$ 11,064,318</u>	<u>\$ 9,234,509</u>	<u>\$ -0-</u>	<u>\$ 20,298,827</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:

Instruction	\$ 288,309
Support	<u>72,077</u>

Total depreciation expense - Governmental Activities \$ 360,386

The School continued its construction projects for its gymnasium, classroom and cafeteria additions. The amount expended on these projects is included in construction in progress as of June 30, 2023. The School has approximately \$2,600,000 remaining to complete these projects and expects to place them into service during the next fiscal year.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Due to/From Other Funds

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 127,366	\$ -
Special Revenue Funds:		
Special Projects Fund	-	126,315
Education Improvement Act Fund	-	1,051
	\$ 127,366	\$ 127,366

The General Fund receivable is a result of the Special Projects Fund and EIA Fund owing the General Fund for claims that were filed but not yet received.

The General Fund received transfers of \$1,177,906 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid.

D. Long-Term Debt Obligations

Capital Lease IV – On March 1, 2020, the School entered into a 36-month capital lease for computers. The lease qualified as a capital lease for accounting purposes; therefore, the obligation was recorded at the net present value of the future minimum lease payments. The lease was paid in full as of June 30, 2023.

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

Note payable for modular unit – On August 15, 2017, the School purchased the modular building it was previously leasing for a total price of \$100,096. The School entered into a promissory note agreement for \$84,000, payable in 59 equal monthly payments of \$1,589, including interest at 5%. The note was paid in full as of June 30, 2023.

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

Economic Development Revenue Bonds – On December 10, 2021, the School issued \$10,410,000 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%.

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-Term Debt Obligations, Continued

These bonds are subject to covenants for debt service coverage ratio, days of cash on hand, and certain other covenants. The debt service coverage ratio of 1.15:1.0 requirement is tested on each quarter ending date. The days of cash on hand requirement of 45 days is tested as of June 30 of each year. There is a requirement that ninety percent of accounts payable balances must be no more than 60 days old and ten percent no more than 90 days old. At June 30, 2023, 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, 2023, are as follows:

Year Ending June 30	Bond Principal
2024	\$ 290,000
2025	305,000
2026	320,000
2027	340,000
2028	360,000
2029 - 2033	1,955,000
2034 - 2038	2,510,000
2039 - 2043	3,255,000
2044 - 2048	4,190,000
2049 - 2053	5,600,000
2054 - 2058	5,355,000
	\$ 24,480,000

Interest expense for the year ended June 30, 2023 was \$1,266,810.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Economic development revenue bond	\$ 24,755,000	\$ -	\$ (275,000)	\$ 24,480,000	\$ 290,000
Unamortized bond discount	(382,997)	-	13,488	(369,509)	(13,488)
Total bonds payable	24,372,003	-0-	(261,512)	24,110,491	276,512
Note payable for modular unit	4,882	-	(4,882)	-	-
Notes payable to Partnership investors	1,000,000	-	-	1,000,000	-
Total note payable	1,004,882	-0-	(4,882)	1,000,000	-0-
Capital lease IV	15,390	-	(15,390)	-	-
Total capital leases	15,390	-0-	(15,390)	-0-	-0-
Total long-term obligations	\$ 25,392,275	\$ -0-	\$ (281,784)	\$ 25,110,491	\$ 276,512

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Employee Retirement Plan

The School maintained a retirement savings plan (“the Plan”) provided by Section 403(b) Plan of the Internal Revenue Code, which covered substantially all employees who meet eligibility requirements. Employees were eligible to participate upon employment. Employees contributed through payroll deductions to the Plan and the School matched a percentage of the employee’s contributions. These provisions were established by the Board. Effective July 1, 2022, the School became a participating employer in the South Carolina Retirement System (“SCRS”). This allows current and future employees of the School to become members of the SCRS, which provides retirement benefits based on a member’s years of service, average final compensation, and a benefit multiplier. The School contributes to the plan based upon required contribution rates, and employees contribute a required percentage of gross pay.

C. 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.

D. Related Parties

Through October 2020, the School had a contract with a charter school management group which delegated certain duties of the School to the partners of the group. After October 2020, the Board of Directors has retained all management responsibilities of the School. The School pays the management group for curriculum and management services. The School also reimburses the management group for certain office supplies. Effective July 1, 2021, the School entered an amended agreement with the charter school management group that provides curriculum and management services. The School pays a base fee of \$680,000 plus 15% of all gross funding, excluding student activity fees and federal grants, in excess of \$4,533,333 for each year, up to a maximum annual management fee of \$850,000 for these services. The fee is subject to renegotiation with an increase in headcount.

E. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 27, 2023, the date the financial statements were available to be issued. There were no such events requiring recording for the year ended June 30, 2023.

**GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1300 Tuition			
1310 Tuition from patrons for regular day school	\$ -	\$ 118,864	\$ 118,864
1500 Earnings on investments			
1510 Interest on investments	1,250	263,124	261,874
1700 Pupil activities			
1790 Other pupil activity income	-	13,656	13,656
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	250,000	116,344	(133,656)
Total local sources	<u>251,250</u>	<u>511,988</u>	<u>260,738</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	6,582,518	6,806,165	223,647
3300 State aid to classrooms - Education Finance Act (EFA)			
3392 NBC excess EFA formula	-	18,961	18,961
Total state sources	<u>6,582,518</u>	<u>6,825,126</u>	<u>242,608</u>
Total revenues all sources	<u>6,833,768</u>	<u>7,337,114</u>	<u>503,346</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
113 Elementary programs			
100 Salaries	388,514	462,272	(73,758)
200 Employee benefits	122,775	119,770	3,005
300 Purchased services	1,500	1,559	(59)
400 Supplies and materials	25,000	4,506	20,494

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
110 General instruction			
114 High school programs			
100 Salaries	\$ 853,041	\$ 1,065,759	\$ (212,718)
200 Employee benefits	249,497	244,019	5,478
300 Purchased services	50,000	44,086	5,914
400 Supplies and materials	75,000	82,240	(7,240)
115 Career and Technology Education programs			
100 Salaries	63,200	87,623	(24,423)
200 Employee benefits	17,189	17,204	(15)
300 Purchased services	500	35	465
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	54,400	60,768	(6,368)
200 Employee benefits	11,114	13,698	(2,584)
400 Supplies and materials	1,000	100	900
170 Summer school programs			
175 Instructional programs beyond regular school day			
100 Salaries	750	876	(126)
200 Employee benefits	225	274	(49)
Total instruction	<u>1,913,705</u>	<u>2,204,789</u>	<u>(291,084)</u>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	80,894	71,641	9,253
200 Employee benefits	11,797	7,322	4,475
213 Health services			
100 Salaries	9,465	21,309	(11,844)
200 Employee benefits	2,418	2,276	142
300 Purchased services	4,500	4,054	446
400 Supplies and materials	7,950	682	7,268
214 Psychological services			
400 Supplies and materials	-	15	(15)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
217 Career specialist services			
100 Salaries	\$ 14,819	\$ 10,019	\$ 4,800
200 Employee benefits	2,851	2,828	23
230 General administrative services			
231 Board of education			
300 Purchased services	100,000	121,025	(21,025)
318 Audit services	15,000	11,500	3,500
400 Supplies and materials	485	2,306	(1,821)
600 Other objects	38,000	40,762	(2,762)
233 School administration			
100 Salaries	447,117	456,133	(9,016)
200 Employee benefits	133,095	130,048	3,047
300 Purchased services	225,000	200,043	24,957
400 Supplies and materials	125,000	102,207	22,793
600 Other objects	166,000	167,370	(1,370)
250 Finance and operations services			
252 Fiscal services			
100 Salaries	209,175	215,943	(6,768)
200 Employee benefits	64,175	60,005	4,170
300 Purchased services	25,000	4,459	20,541
400 Supplies and materials	22,000	19,567	2,433
600 Other objects	11,500	13,084	(1,584)
253 Facilities acquisition and construction			
300 Purchased services	129,440	664,402	(534,962)
500 Capital outlay			
520 Construction services	-	11,229,781	(11,229,781)
540 Equipment	85,018	85,018	-
254 Operation and maintenance of plant			
100 Salaries	95,117	105,717	(10,600)
200 Employee benefits	29,848	28,769	1,079
300 Purchased services	295,000	306,125	(11,125)
321 Public util (excl gas, oil, elect & oth heating fuels)	30,000	31,909	(1,909)
400 Supplies and materials	10,000	10,716	(716)
470 Energy (incl gas, oil, elect & oth heating fuels)	95,000	97,079	(2,079)

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
255 Student transportation (state mandated)			
300 Purchased services	\$ -	\$ 15,683	\$ (15,683)
400 Supplies and materials	11,500	333	11,167
258 Security			
100 Salaries	42,200	47,883	(5,683)
200 Employee benefits	14,273	13,763	510
300 Purchased services	1,707	1,707	-
400 Supplies and materials	96	96	-
260 Central support services			
266 Technology and data processing services			
100 Salaries	99,610	110,233	(10,623)
200 Employee benefits	28,973	28,174	799
300 Purchased services	65,046	62,719	2,327
400 Supplies and materials	85,000	80,279	4,721
500 Capital outlays	24,912	49,824	(24,912)
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	342,475	364,993	(22,518)
200 Employee benefits	97,454	92,846	4,608
300 Purchased services	213,809	211,798	2,011
400 Supplies and materials	250,000	244,566	5,434
600 Other objects	18,775	21,389	(2,614)
Total support services	<u>3,781,494</u>	<u>15,570,400</u>	<u>(11,788,906)</u>
500 Debt services			
610 Redemption of principal	280,000	279,668	332
620 Interest	1,311,700	1,266,810	44,890
Total debt services	<u>1,591,700</u>	<u>1,546,478</u>	<u>45,222</u>
Total expenditures	<u>7,286,899</u>	<u>19,321,667</u>	<u>(12,034,768)</u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	\$ 1,177,906	\$ 1,177,906	\$ -
Total other financing sources (uses)	1,177,906	1,177,906	-
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ 724,775	(10,806,647)	\$ (11,531,422)
FUND BALANCE, July 1, 2022		14,966,239	
FUND BALANCE, June 30, 2023		\$ 4,159,592	

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education*</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Student</u> <u>Activity</u> <u>Funds</u> <u>(700s)</u>	<u>Total</u>
REVENUES									
1000 Revenue from local sources									
1700 Pupil activities									
1790 Other pupil activity income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416,636	\$ 416,636
1900 Other revenue from local sources									
1920 Contrib and donations from private sources	-	-	-	-	-	-	-	85,190	85,190
Total local sources	-	-	-	-	-	-	-	501,826	501,826
3000 Revenue from state sources									
3110 Occupational education									
3118 EEDA career specialists	-	-	-	-	-	47,154	-	-	47,154
3130 Special programs									
3187 Teacher supplies (no carryover)	-	-	-	-	-	10,800	-	-	10,800
Total state sources	-	-	-	-	-	57,954	-	-	57,954
4000 Revenue from federal sources									
4300 Elementary and Secondary Educ Act of 1965 (ESEA)									
4351 Supporting effective instruction	-	-	-	-	-	-	18,512	-	18,512
4500 Programs for children with disabilities									
4510 Individ with Disabil Educ Act (IDEA)	-	14,263	-	-	-	-	-	-	14,263
4900 Other federal sources									
4931 ARP IDEA	-	-	-	-	-	-	2,800	-	2,800
4974 ESSER III	-	-	-	-	-	-	129,891	-	129,891
4975 ESSER I (CARES Act)	-	-	-	-	-	-	2,722	-	2,722
4977 ESSER II	-	-	-	-	-	-	551,892	-	551,892

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education*</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Student</u> <u>Activity</u> <u>Funds</u> <u>(700s)</u>	<u>Total</u>
4990 Other federal revenue									
4999 Revenue from other federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,646	\$ -	\$ 27,646
Total federal sources	-	14,263	-	-	-	-	733,463	-	747,726
Total revenues all sources	-	14,263	-	-	-	57,954	733,463	501,826	1,307,506

EXPENDITURES

100 Instruction									
110 General instruction									
113 Elementary programs									
100 Salaries	-	-	-	-	-	-	36,660	-	36,660
200 Employee benefits	-	-	-	-	-	-	11,590	-	11,590
400 Supplies and materials	-	-	-	-	-	2,400	32,956	-	35,356
114 High school programs									
100 Salaries	-	-	-	-	-	-	143,399	-	143,399
200 Employee benefits	-	-	-	-	-	-	46,663	-	46,663
400 Supplies and materials	-	-	-	-	-	6,600	80,866	-	87,466
115 Career and Technology Educ programs									
100 Salaries	-	-	-	-	-	-	26,461	-	26,461
200 Employee benefits	-	-	-	-	-	-	12,005	-	12,005
400 Supplies and materials	-	-	-	-	-	300	-	-	300
120 Exceptional programs									
124 Visually handicapped									
300 Purchased services	-	3,723	-	-	-	-	-	-	3,723
400 Supplies and materials	-	-	-	-	-	300	-	-	300

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

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Student</u> <u>Activity</u> <u>Funds</u> <u>(700s)</u>	<u>Total</u>
125 Hearing handicapped									
300 Purchased services	\$ -	\$ 1,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568
127 Learning disabilities									
100 Salaries	-	1,000	-	-	-	-	1,980	-	2,980
200 Employee benefits	-	313	-	-	-	-	179	-	492
400 Supplies and materials	-	1,164	-	-	-	-	642	-	1,806
170 Summer school programs									
175 Instruct prog beyond regular school day									
100 Salaries	-	-	-	-	-	-	10,166	-	10,166
200 Employee benefits	-	-	-	-	-	-	3,184	-	3,184
Total instruction	-	7,768	-	-	-	9,600	406,751	-	424,119
200 Support services									
210 Pupil services									
212 Guidance services									
100 Salaries	-	-	-	-	-	38,516	109,425	-	147,941
200 Employee benefits	-	-	-	-	-	8,638	30,564	-	39,202
400 Supplies and materials	-	-	-	-	-	900	-	-	900
213 Health services									
100 Salaries	-	-	-	-	-	-	29,151	-	29,151
200 Employee benefits	-	-	-	-	-	-	9,177	-	9,177
214 Psychological services									
300 Purchased services	-	1,465	-	-	-	-	-	-	1,465
217 Career specialist services									
100 Salaries	-	-	-	-	-	-	(7)	-	(7)
400 Supplies and materials	-	-	-	-	-	300	-	-	300

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Student</u> <u>Activity</u> <u>Funds</u> <u>(700s)</u>	<u>Total</u>
230 General administrative services									
233 School administration									
100 Salaries	\$ -	\$ 3,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,987
200 Employee benefits	-	1,043	-	-	-	-	-	-	1,043
250 Finance and operations services									
253 Facilities acquisition and construction									
500 Capital outlay	-	-	-	-	-	-	129,891	-	129,891
260 Central support services									
264 Staff services									
100 Salaries	-	-	-	-	-	-	13,000	-	13,000
300 Purchased services	-	-	-	-	-	-	5,511	-	5,511
270 Support services - pupil activity									
271 Pupil service activities									
300 Purchased services	-	-	-	-	-	-	-	64,745	64,745
400 Supplies and materials	-	-	-	-	-	-	-	209,296	209,296
600- Other objects	-	-	-	-	-	-	-	18,501	18,501
660 Pupil activity	-	-	-	-	-	-	-	22,241	22,241
Total support services	-	6,495	-	-	-	48,354	326,712	314,783	696,344
300 Community services									
350 Custody and care of children									
600- Other objects	-	-	-	-	-	-	-	225	225

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Student</u> <u>Activity</u> <u>Funds</u> <u>(700s)</u>	<u>Total</u>
390 Other community services									
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,270	\$ 14,270
400 Supplies and materials	-	-	-	-	-	-	-	6,453	6,453
600- Other objects	-	-	-	-	-	-	-	137	137
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,085</u>	<u>21,085</u>
Total community services	-	-	-	-	-	-	-	21,085	21,085
Total expenditures	<u>-</u>	<u>14,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,954</u>	<u>733,463</u>	<u>335,868</u>	<u>1,141,548</u>
OTHER FINANCING SOURCES (USES)									
Interfund transfers from (to) other funds:									
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES									
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>165,958</u>	<u>165,958</u>
FUND BALANCE, July 1, 2022	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2023	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>165,958</u></u>	<u><u>\$ 165,958</u></u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2023

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
928	EEDA career specialists	\$ 47,154	3118
919	Teacher supplies (no carryover)	<u>10,800</u>	3187
		<u>\$ 57,954</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
267	Supporting effective instruction	\$ 18,512	4351
230	ARP IDEA	2,800	4931
218	ESSER III	129,891	4974
220	ESSER I (CARES Act)	2,722	4975
225	ESSER II	551,892	4977
809	GEER Fund	<u>27,646</u>	4999
		<u>\$ 733,463</u>	

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2023

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
928	3118	EEDA career specialists	\$ 47,154	\$ 47,154	\$ -	\$ -	\$ -
919	3187	Teacher supplies (no carryover)	10,800	10,800	-	-	-
			<u>\$ 57,954</u>	<u>\$ 57,954</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2023

REVENUES

3000 Revenue from state sources	
3500 Education improvement act	
3503 State aid to classrooms	\$ 1,177,906
3526 Refurbishment of science kits	7,523
3529 Career and Technology Education	38,033
3536 Student health & fitness	22,549
3595 EEDA - supplies and materials	<u>1,400</u>
Total state sources	<u>1,247,411</u>
Total revenues all sources	<u>1,247,411</u>

EXPENDITURES

100 Instruction	
110 General instruction	
113 Elementary programs	
400 Supplies and materials	250
114 High school programs	
400 Supplies and materials	<u>7,272</u>
Total instruction	<u>7,522</u>
200 Support services	
210 Pupil services	
212 Guidance services	
400 Supplies and materials	1,399
213 Health services	
100 Salaries	17,055
200 Employe benefits	5,495
216 Career and technical education placement services	
100 Salaries	28,965
200 Employe benefits	<u>9,069</u>
Total support services	<u>61,983</u>
Total expenditures	<u>69,505</u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2023

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ <u>(1,177,906)</u>
Total other financing sources (uses)	<u>(1,177,906)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-0-</u>
FUND BALANCE, July 1, 2022	<u>-0-</u>
FUND BALANCE, June 30, 2023	\$ <u><u>-0-</u></u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2023

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3503 State aid to classrooms	\$ 1,177,906	\$ -	\$ -	\$ (1,177,906)	\$ -
3519 Grade 10 assessments	-	-	-	-	7,454
3526 Refurbishment of science kits	7,523	7,523	-	-	8,854
3528 Industry certifications/credentials	-	-	-	-	1,179
3529 Career and Technology Education	38,033	38,033	-	-	-
3536 Student health & fitness	22,549	22,549	-	-	-
3595 EEDA - supplies and materials	1,400	1,400	-	-	1,659
TOTALS	<u>\$ 1,247,411</u>	<u>\$ 69,505</u>	<u>\$ -0-</u>	<u>\$ (1,177,906)</u>	<u>\$ 19,146</u>

GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2023

<u>Program</u>	<u>Grant/ Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDOE/Federal Government</u>	<u>Status of Payments</u>
Teacher supplies	N/A	3187/917	Unexpended allocation	\$ <u>1,500.00</u>	Unpaid as of 10/27/23
				\$ <u><u>1,500.00</u></u>	

**GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ Yes	___X___ No	
• Significant weakness(es) identified that are not considered to be material weakness(es)?	_____ Yes	___X___ No	
Noncompliance material to financial statements noted?	_____ Yes	___X___ No	

Section II - Financial Statement/Compliance Findings

None.

**GRAY COLLEGIATE ACADEMY, INC.
WEST COLUMBIA, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2023**

Section I - Financial Statement Findings

None.



MARTIN · SMITH

& COMPANY CPAs

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

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

We have audited the financial statements of Gray Collegiate Academy, Inc. ("the School") as of and for the year ended June 30, 2023, and have issued our report thereon dated October 27, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Report on Compliance and Other Matters

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

Report on Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 27, 2023