SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA
(A Component Unit of The Charter Institute at Erskine)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

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WEST COLUMBIA, SOUTH CAROLINA

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SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2026

Board of Directors

Dr. Tom Siler, Board Chairperson
Harriet Smith, Board Vice-Chairperson
Herb Rentz
Tiffany Jackson
Donna Charles-Craft
Susan Cisson
Dr. Eric Hayler

Head of School

Anita Latham

Director of Finance and Marketing

Brian Bowen, CPA

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
South Carolina Virtual Charter School
West Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the South Carolina Virtual Charter School, South Carolina (the "Charter 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 Charter School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Charter 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 the financial audits contained in *Government Auditing Standards ("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 Charter 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.

Change in Accounting Principle

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2026 the Charter School adopted the provisions of Governmental Accounting Standards Board Statement No. 103 "*Financial Reporting Model Improvements*" ("GASB #103"). GASB #103 establishes new accounting and financial reporting requirements for financial statements. Our opinions are not modified with respect to this matter.

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 Charter 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.

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 Charter 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 Charter 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, the budgetary comparison schedule, the pension plan schedules, and the other postemployment benefit plan schedules, 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 Charter 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 October 16, 2026 on our consideration of the Charter 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 Charter 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 Standards* in considering the Charter School's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
October 16, 2026

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SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2026

This discussion and analysis of the South Carolina Virtual Charter School's (the "Charter School") financial performance provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2026 ("2026" or "FY 2026") compared to the year ended June 30, 2025 ("2025" or "FY 2025"). The intent of this discussion and analysis is to present the Charter School's financial performance as a whole; readers should also review the financial statements, notes to the financial statements, required supplementary information, and supplementary information to enhance their understanding of the Charter School's financial performance.

The South Carolina Virtual Education Foundation (the "Foundation") is a South Carolina non-profit corporation organized in December 2018. Although the Foundation is a legally separate entity, it is reflected as a blended component unit of the Charter School and the financial activity of the Foundation is reflected in a major special revenue fund in the Charter School's fund financial statements (See Note I.A in the notes to the financial statements for more information).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *Financial Section* (which includes management's discussion and analysis, the basic financial statements, the required supplementary information, and the supplementary information) and the *Compliance Section*.

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the Charter School. The first two statements are *government-wide financial statements* that provide a broad overview of the Charter 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 Charter School's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these items as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

The *Statement of Activities* presents information showing how the Charter School's Net Position changed during the most recent fiscal year. All changes in Net Position are 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.

Government-wide financial statements distinguish functions that are principally supported by 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). The governmental activities of the Charter School include instruction and support services. The Charter School does not have any business-type activities.

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the Charter 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 Charter 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 Charter School can be divided into one category: 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 fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Charter School maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue – EIA Fund, and Special Revenue – Education Foundation Fund, all of which are considered to be major funds.

The governmental fund financial statements can be found as listed in the table of contents of this report.

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 as listed in the table of contents of this report.

Other Information. The Charter School has a legally adopted budget only for its General Fund. A budgetary comparison schedule has been provided as a required supplementary schedule for this fund to demonstrate compliance with its budget. The Charter School has also provided the required pension and OPEB schedules for its participation in the South Carolina Retirement System ("SCRS") and in the South Carolina Retiree Health Insurance Trust Fund as required by generally accepted accounting principles. Required supplementary information can be found as listed in the table of contents. Supplementary information is presented immediately following the required supplementary information. This information can be found as listed in the table of contents.

Figure A-1
Major Features of the Charter School's Government-Wide and Fund Financial Statements

		Fund financial statements
	Government-Wide Financial Statements	Governmental Funds
Scope	Entire Charter School government	The activities of the Charter School (including its blended component unit)
Required financial statements	▪ Statement of Net Position ▪ Statement of Activities	▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of balance sheet information	All balance sheet elements – both financial and nonfinancial, and short-term and long-term.	Only balance sheet elements that come due during the year or soon thereafter. No capital assets or long-term debt are 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 or services have been received and payment is due during the year or soon thereafter

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 Charter School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately ($1,470,000) at the close of the most recent fiscal year.

Table 1 provides a summary of the Charter School's net position as of June 30, 2026 compared to June 30, 2025:

Table 1

Net Position

	Governmental Activities	
	June 30, 2026	June 30, 2025
Assets		
Current and Other Assets	$ 28,619,790	$ 26,895,541
Capital Assets, Net	3,742,602	3,851,809
Total Assets	32,362,392	30,747,350
Deferred Outflows of Resources	8,478,376	10,443,243
Liabilities		
Other Liabilities	2,229,138	1,939,847
Long-Term Liabilities	333,395	473,061
Net Pension Liability	16,593,119	19,220,651
Net Other Postemployment Benefit Liability	14,272,701	16,280,924
Total Liabilities	33,428,353	37,914,483
Deferred Inflows of Resources	8,882,387	6,848,900
Net Position		
Net Investment in Capital Assets	3,742,602	3,680,175
Restricted for Pupil Activity Programs	733	742
Unrestricted	(5,213,307)	(7,253,707)
Total Net Position	$ (1,469,972)	$ (3,572,790)

The Charter School's current and other assets at June 30, 2026 increased by approximately $1,724,000 from the prior year, attributable primarily to higher investment balances at June 30, 2026 due to cash flows from operations. The Charter School's capital assets at June 30, 2026 decreased by approximately $109,000 due to depreciation and amortization expense of approximately $430,000 offset by capital asset additions of approximately $321,000 (see details in the Capital Asset and Debt Administration section).

Total liabilities at June 30, 2026 decreased by approximately $4,486,000 from the prior year which was primarily due to decreases in the net pension and net OPEB liabilities. The changes in net pension and net OPEB liabilities and deferred outflows and inflows of resources for pensions and OPEB were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the Charter School's share of the (a) net pension liability in the State retirement plan and (b) the net OPEB liability in the State OPEB Plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Other liabilities increased by approximately $289,000 as a result of the accruals of the May and June retirement contributions to the State retirement and OPEB plans as of June 30, 2026. Long-term liabilities decreased as the Charter School's subscription-based information technology arrangement ("SBITA") liability decreased approximately $172,000 as the SBITA is nearing completion.

The Charter School's net investment in capital assets of approximately $3,743,000 reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt (if any) used to acquire those assets. The Charter School uses these capital assets to provide services to students, teachers, and administration; consequently, these assets are not available for future spending. Restricted net position of approximately $700 is restricted for student/pupil activity programs. The remaining balance is unrestricted net position which had a deficit balance of approximately ($5,213,000) due to recording the Charter School's proportionate share of the net pension and net OPEB liabilities and the deferred balances related to the State retirement and OPEB plans.

The Charter School's net position increased by approximately $2,103,000 during 2026, which is the result of current year revenues exceeding current year expenses. See discussion following the next table regarding this increase. Table 2 shows the changes in the Charter School's net position for 2026 compared to 2025.

Table 2

Changes in Net Position

	Governmental Activities	
Revenues	2026	2025
Program Revenues:		
Charges for Services	$ 13,625	$ 14,350
Operating Grants	21,932,178	23,478,290
General Revenue:		
Other	1,084,078	1,134,359
Total Revenues	23,029,881	24,626,999
Program Expenses		
Instruction	14,847,000	16,797,295
Support Services	6,071,965	8,019,156
Interest and Fiscal Charges	8,098	2,162
Total Program Expenses	20,927,063	24,818,613
Changes in Net Position	2,102,818	(191,614)
Net Position, Beginning of Year	(3,572,790)	(3,381,176)
Net Position, End of Year	$ (1,469,972)	$ (3,572,790)

Governmental Activities net position increased by approximately $2,103,000 in 2026. Key elements that impacted the change in net position for 2026 are as follows:

- A decrease in revenues of approximately $1,597,000 primarily due to lower state and federal operating grants. The Charter School received reduced allocations of state and federal grants in the current year because of lower student enrollment. Average enrollment was approximately 2,100 for FY 2026 versus approximately 2,200 for FY 2025 (a 5% decrease) due to more charter schools continuing to open in South Carolina, including virtual charter schools.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- A decrease in total program expenses of approximately $3,892,000 is due primarily to decreases in instruction and support services expenses of approximately $1,950,000 and $1,947,000, respectively.

    - The decrease in instruction expenses is due to a net decrease in pension and OPEB expenses of approximately $1,193,000 (changes in actuarial valuations), a reduction in SBITA expenses of approximately $105,000 (significant technology arrangements finished in 2026), and increases in compensated absences expenditures of approximately $32,000.

    - The decrease in support service expenses is due to a net decrease in pension and OPEB expenses of approximately $177,000 (changes in actuarial valuations), decreases in salaries and fringe of approximately $288,000 (smaller bonuses in 2026), and decreases in purchased services and supplies and materials of approximately $956,000, primarily resulting from reducing services provided by the Charter School's outsourced IT vendor for FY 2026.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS

As noted earlier, the Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2026, the Charter School's governmental funds reported a combined fund balance of approximately $26,391,000, as compared to $24,956,000 for the prior year. The difference is primarily due to the operating results in the General Fund and the Special Revenue – Education Foundation Fund. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2026, the Charter School's unassigned fund balance for all governmental funds was approximately $23,113,000. The remaining fund balance consists of approximately $700 that is restricted for student/pupil activity programs, approximately $910,000 that is committed for the Foundation's capital projects, approximately $900,000 that is assigned for future year's expenditures (as approved in the budget for fiscal year 2027), and approximately $1,467,000 that is assigned for the Foundation's operations.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS (CONTINUED)

Governmental Funds (Continued)

	General Fund	
	2026	2025
Revenues		
Local Sources:		
Investment Earnings	$ 988,400	$ 1,056,917
Other Local Sources	34,306	21,950
State Sources	17,640,036	18,850,772
Total Revenues	18,662,742	19,929,639
Expenditures		
Current:		
Instruction	14,414,636	14,565,714
Support Services	5,833,162	7,085,235
Capital Outlay	286,020	240,275
Total Expenditures	20,533,818	21,891,224
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,871,076)	(1,961,585)
Other Financing Sources (Uses)		
Transfers In	3,456,937	3,662,932
Transfers Out	(940,000)	(240,000)
Total Other Financing Sources (Uses)	2,516,937	3,422,932
Net Change in Fund Balance	645,861	1,461,347
FUND BALANCE, Beginning of Year	23,366,973	21,905,626
FUND BALANCE, End of Year	$ 24,012,834	$ 23,366,973

General Fund - The General Fund is the chief operating fund of the Charter School. At the end of the current fiscal year, unassigned fund balance of the General Fund totaled approximately $23,113,000, which was approximately 113% of General Fund expenditures for 2026. The fund balance for the General Fund increased by approximately $646,000 (3%) during 2026, primarily due to revenues and net other financing sources of approximately $21,180,000 exceeding expenditures of approximately $20,534,000. The Charter School engaged in conservative spending due to anticipated revenue in FY 2026. In addition, the Charter School significantly reduced its purchased services expenditures due to restructuring subscription-based software arrangements.

General Fund revenues were approximately $18,663,000 and $19,930,000 in FY 2026 and FY 2025, respectively. This decrease of approximately $1,267,000 is primarily a result of decreases in state sources due to lower student enrollment in FY 2026.

General Fund expenditures were approximately $20,534,000 and $21,891,000 in FY 2026 and FY 2025, respectively. This decrease of approximately $1,357,000 is primarily a result of decreases in support service expenditures, largely driven by decreases in salaries and fringe of approximately $288,000 (smaller bonuses in 2026) and decreases in purchased services and supplies and materials (reductions in employee travel and marketing and legal services) of approximately $956,000 due to reduced state funding in FY 2026.

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The General Fund also transferred $700,000 to the Special Revenue – Education Foundation Fund in FY 2026 to fund the Foundation's continued operating costs, in addition to transferring $240,000 in rent payments.

Special Revenue Fund - The Charter School's Special Revenue Fund, generally is used to account for revenues derived from the Federal Government and the State of South Carolina. In general, this fund does not have a significant fund balance as revenues should be expended, unearned, or returned to the grantor. In FY 2026, revenues and expenditures from the Federal Government and the State of South Carolina totaled approximately $505,000 and $61,000, respectively, compared to approximately $593,000 and $61,000, respectively, in FY 2025. This decrease of approximately $87,000 from the Federal Government is due to reduced levels of funding in the current year as a result of lower student enrollment, enrollment metrics at the Charter Institute at Erskine, and student demographics that influence specific program needs.

In addition to federal and state funding, the Special Revenue Fund also accounts for pupil activity within the Charter School. The pupil activity revenues and expenditures were consistent with the prior year.

Special Revenue Fund – EIA Fund - The Charter School's Special Revenue – EIA Fund generally is used to account for revenues derived from the State of South Carolina. In general, this fund does not have a significant fund balance as revenues should be expended, unearned, or returned to the grantor. State revenues totaled approximately $3,793,000 in FY 2026, compared to approximately $4,041,000 in FY 2025. This decrease of approximately $248,000 is primarily due to reduced levels of funding in the current year as a result of lower student enrollment as well as a funding formula change which changed the funding weighting for virtual schools. Expenditures related to these state programs were approximately $336,000 in FY 2026, compared to approximately $378,000 in FY 2025. The Charter School transferred the excess FY 2026 revenues of approximately $3,457,000 to the General Fund in the year ended June 30, 2026.

Special Revenue – Education Foundation Fund - The Charter School's Special Revenue – Education Foundation Fund ("EF Fund") is used to account for resources of the Foundation (see Note I.A in the notes to the financial statements for more information regarding the Foundation). In FY 2026, the EF Fund had investment earnings of approximately $58,000, compared to approximately $63,000 in FY 2025, and other financing sources of approximately $940,000, of which $240,000 related to transfers from the General Fund for rent payments and another transfer in from the General Fund of $700,000 to support the Foundation's mission to further virtual education in South Carolina. In the prior year, only the transfer of $240,000 for rent payments occurred. In addition, the EF Fund incurred expenditures of approximately $209,000 (which were primarily support services and capital outlay to maintain and upgrade the Foundation's property), compared to approximately $181,000 in FY 2025. This resulted in a net increase in fund balance of approximately $789,000 for 2026.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2026, the Charter School's net capital assets were approximately $3,743,000. The Charter School's capital assets may include land, construction in progress, buildings and improvements, computer hardware, office equipment, and SBITA intangible assets. Table 3 shows capital asset balances at June 30, 2026 and 2025, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Table 3
Capital Assets

	Governmental Activities	
	June 30, 2026	June 30, 2025
Land	$ 434,630	$ 434,630
Buildings and Improvements	3,373,102	3,337,821
Computer Hardware	534,406	248,388
Office Equipment	29,171	29,171
SBITA Intangible Assets	48,806	219,897
Less: Accumulated Depreciation	(677,513)	(418,098)
Totals	$ 3,742,602	$ 3,851,809

The total decrease in the Charter School's net capital assets was approximately $109,000 which was due to depreciation of approximately $259,000 and a net decrease in the SBITA intangible assets of approximately $171,000 offset by computer hardware additions of approximately $286,000 and buildings and improvements additions of approximately $35,000 (see details of capital asset additions below).

Capital asset additions for the year ended June 30, 2026 consisted of:

- Chromebooks and supporting equipment for approximately $286,000
- Window improvements for the Charter School office building of approximately $35,000.

For more information on the Charter School's capital assets, see Note III.E in the notes to the financial statements.

Debt Administration

As of June 30, 2026, the Charter School had no long-term debt other than compensated absences and SBITAs as noted at Note III.G.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Charter School adopted Governmental Accounting Standards Board Statement No. 103 "*Financial Reporting Model Improvements*" ("GASB #103") for the year ended June 30, 2026. The objective of GASB #103 is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the Governmental Accounting Standards Board. The adoption of GASB #103 had no impact on the beginning fund balance or net position of the Charter School's financial statements. See Note I.B in the notes to the financial statements for more information regarding the Charter School's adoption of GASB #103.

Fiscal Year 2027 Budget

Many factors were considered by the Charter School's administration during the process of developing the fiscal year 2027 budget. The Charter School's primary two goals were to balance the budget and to support current needs based on enrollment levels within the Charter School. Therefore, little change occurred in the fiscal year 2027 budget compared to the fiscal year 2026 budget.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (CONTINUED)

Fiscal Year 2027 Budget (Continued)

The Charter School anticipates average daily membership for fiscal year 2027 to be approximately 2,100 students with a total revenue budget of approximately $21,550,000, which is a decrease of 4% from the 2026 budget. The 2027 budget also includes a planned use of fund balance of $900,000.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brian Bowen, Director of Finance and Marketing of the Charter School, or Emeriel Hubbard, Executive Director of the Foundation, at South Carolina Virtual Charter School, 2023 Platt Springs Road, West Columbia, SC 29169, or email at bbowen@scvcs.org.

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Basic Financial Statements

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2026

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 5,228,746
Investments	23,361,039
Due from Other Governments	30,005
Capital Assets:	
Non-Depreciable	434,630
Depreciable	3,307,972
TOTAL ASSETS	32,362,392
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	3,233,631
Deferred Other Postemployment Benefit Charges	5,244,745
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,478,376
LIABILITIES	
Accounts Payable	734,567
Accrued Liabilities	1,443,344
Due to Other Governments	135
Unearned Revenue	51,092
Non-Current Liabilities:	
Net Pension Liability - Due in More than One Year	16,593,119
Net Other Postemployment Benefit Liability - Due in More than One Year	14,272,701
Long-Term Obligations - Due Within One Year	60,366
Long-Term Obligations - Due in More than One Year	273,029
TOTAL LIABILITIES	33,428,353
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	1,924,878
Deferred Other Postemployment Benefit Credits	6,957,509
TOTAL DEFERRED INFLOWS OF RESOURCES	8,882,387
NET POSITION	
Net Investment in Capital Assets	3,742,602
Restricted for Student/Pupil Activity Programs	733
Unrestricted	(5,213,307)
TOTAL NET POSITION	**$ (1,469,972)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT:	Expenses	PROGRAM REVENUES Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	NET REVENUE (EXPENSE) AND CHANGE IN NET POSITION Primary Government Governmental Activities
Governmental Activities:					
Instruction	$ 14,847,000	13,625	16,776,846	-	$ 1,943,471
Support Services	6,071,965	-	5,155,332	-	(916,633)
Interest and Other Charges	8,098	-	-	-	(8,098)
Total Governmental Activities	20,927,063	13,625	21,932,178	-	1,018,740
TOTAL PRIMARY GOVERNMENT	**$ 20,927,063**	**13,625**	**21,932,178**	**-**	**1,018,740**

GENERAL REVENUES:	
Investment Earnings	1,046,864
Miscellaneous	37,214
TOTAL GENERAL REVENUES	1,084,078
CHANGE IN NET POSITION	**2,102,818**
NET POSITION, Beginning of Year	(3,572,790)
NET POSITION - Ending of Year	**$ (1,469,972)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2026

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA	SPECIAL REVENUE - EDUCATION FOUNDATION	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 4,231,495	-	-	997,251	$ 5,228,746
Investments	21,972,318	-	-	1,388,721	23,361,039
Due From:					
State Agencies	2,050	-	16,899	-	18,949
Federal Agencies	-	11,056	-	-	11,056
Other Funds	5,247	-	29,252	-	34,499
TOTAL ASSETS	**$ 26,211,110**	**11,056**	**46,151**	**2,385,972**	**$ 28,654,289**
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	$ 726,291	-	-	8,276	$ 734,567
Accrued Liabilities	1,442,733	-	-	611	1,443,344
Due To State Department of Education	-	-	135	-	135
Due To Other Funds	29,252	5,247	-	-	34,499
Unearned Revenue	-	5,076	46,016	-	51,092
TOTAL LIABILITIES	2,198,276	10,323	46,151	8,887	2,263,637
FUND BALANCES:					
Restricted - Student/Pupil Activity Programs	-	733	-	-	733
Committed - Foundation Capital Improvements	-	-	-	910,449	910,449
Assigned for:					
Foundation Operations	-	-	-	1,466,636	1,466,636
Future Year's Expenditures	900,000	-	-	-	900,000
Unassigned	23,112,834	-	-	-	23,112,834
TOTAL FUND BALANCES	24,012,834	733	-	2,377,085	26,390,652
TOTAL LIABILITIES AND FUND BALANCES	**$ 26,211,110**	**11,056**	**46,151**	**2,385,972**	**$ 28,654,289**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2026

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**26,390,652**
Amounts reported for the governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities (excluding subscription-based information technology arrangements) are not financial resources and, therefore, are not reported in the funds. The cost of these capital assets was $4,371,309 and the accumulated depreciation was $677,513.		3,693,796
The Charter School's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State Retirement Plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(15,284,366)
The Charter School's proportionate shares of the net other postemployment benefit ("OPEB") liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State OPEB Plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(15,985,465)
Subscription-based information technology arrangements are not financial resources and, therefore, are not reported in the funds. The asset value for these arrangements was $48,806.		48,806
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds but are recorded in the Statement of Net Position.		(333,395)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$**	**(1,469,972)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2026

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA	SPECIAL REVENUE - EDUCATION FOUNDATION	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources:					
Investment Earnings	$ 988,400	-	-	58,464	$ 1,046,864
Other Local Sources	34,306	16,532	-	-	50,838
State Sources	17,640,036	60,634	3,792,528	-	21,493,198
Federal Sources	-	504,948	-	-	504,948
TOTAL REVENUES	**18,662,742**	**582,114**	**3,792,528**	**58,464**	**23,095,848**
EXPENDITURES					
Current:					
Instruction	14,414,636	490,326	261,094	-	15,166,056
Support Services	5,833,162	89,555	74,497	174,077	6,171,291
Intergovernmental	-	2,242	-	-	2,242
Capital Outlay	286,020	-	-	35,281	321,301
TOTAL EXPENDITURES	20,533,818	582,123	335,591	209,358	21,660,890
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(1,871,076)**	**(9)**	**3,456,937**	**(150,894)**	**1,434,958**
OTHER FINANCING SOURCES (USES)					
Transfers In	3,456,937	-	-	940,000	4,396,937
Transfers Out	(940,000)	-	(3,456,937)	-	(4,396,937)
TOTAL OTHER FINANCING SOURCES (USES)	2,516,937	-	(3,456,937)	940,000	-
NET CHANGES IN FUND BALANCES	**645,861**	**(9)**	**-**	**789,106**	**1,434,958**
FUND BALANCES, Beginning of Year	23,366,973	742	-	1,587,979	24,955,694
FUND BALANCES, End of Year	**$ 24,012,834**	**733**	**-**	**2,377,085**	**$ 26,390,652**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**1,434,958**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Changes in the Charter School's asset and liability and accrued interest payable related to the subscription-based technology arrangements are not reported in the governmental funds but are reported in the Statement of Activities.		543
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.		(31,968)
Changes in the Charter School's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		1,108,940
Changes in the Charter School's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(471,539)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $321,299 exceeded depreciation expense of $259,415 in the current year.		61,884
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**2,102,818**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

South Carolina Virtual Charter School, South Carolina (the "Charter School") is a non-profit organization incorporated under the South Carolina School Act of 1994 (the "Nonprofit Act"). The Charter School obtained its 501(c)(3) tax-exempt tax status in 2008. The Charter School began operations in July 2008 and signed an agreement with the South Carolina Public Charter School District (the "District") on August 5, 2008 for a five-year term ("Original Term") through June 30, 2013. Additionally, the Charter School signed a renewal agreement with the District on February 14, 2013 for a ten-year term ("Renewal Term") through June 30, 2023. The Charter School's extended charter was approved on March 6, 2018, by the District. The Charter School was a component unit of the District through June 30, 2018.

In 2018, the Charter School submitted a charter transfer application to The Charter Institute at Erskine's ("Charter Institute") Board of Directors. Effective July 1, 2018, the Charter School entered into a charter contract with the Charter Institute through June 30, 2023. In the year ended June 30, 2023, this initial contract was renewed for ten years, effective July 1, 2023 through June 30, 2033. The Charter School is currently a component unit of the Charter Institute, as it is financially accountable to the Charter Institute.

The Charter School operates under the direction of a seven-member Board of Directors (the "Board"), and the Chief Executive Officer. Board members serve two-year terms which begin on October 1 and expire on September 30 and have oversight responsibility over the public-school educational activities of the Charter School. The Charter School operates an online based curriculum and serves students in grades kindergarten through 12th throughout the state of South Carolina. The Charter School receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Charter School's accounting policies are described below.

Based on GAAP, the Charter School is a governmental entity and is a component unit of the Charter Institute. The accompanying financial statements present the financial position and results of operations of the Charter School only and do not include any financial information of the Charter Institute.

As required by GAAP, the financial statements must present the Charter School's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Charter School both appoints a voting majority of the entity's governing body, and either 1) the Charter School is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Charter School. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Charter School and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Charter School. In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Charter School having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Charter School; and (c) issue bonded debt without approval by the Charter School.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the Charter School's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Charter School. Based on the criteria above, the Charter School has one blended component unit.

South Carolina Virtual Education Foundation

The South Carolina Virtual Education Foundation (the "Foundation") is a blended component unit of the Charter School. The Foundation is a South Carolina non-profit corporation organized in December 2018 exclusively for charitable, religious, education, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended. The Foundation purchased real property and incurred significant cost to renovate the building. The Foundation is renting the building to the Charter School (see Note IV.G for more details). The Charter School is the sole member of the Foundation. The Foundation is governed by a board of directors which is solely appointed by the Charter's School's Board. Of the Foundation's three-member board of directors, one member is the Chief Executive Officer of the Charter School. The Charter School's Board has the power at any time to remove a director with or without cause and to appoint a successor for such director. The Foundation is included as a major special revenue fund in the Charter School's fund financial statements. Separate financial statements for the Foundation are not issued.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Charter School (the "Primary Government"). For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* of the Charter School are primarily supported by program revenues (operating grants and tuition).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment earnings and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Charter School.

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.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental fund 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 government generally 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Program revenue and general revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the Charter School. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

When both restricted and unrestricted resources are available for use, it is the Charter School's practice to use restricted resources first, then unrestricted resources as they are needed.

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. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund type and major funds are used by the Charter School.

Governmental Fund Types are those through which most governmental functions of the Charter School are financed. The Charter School's expendable financial resources and related assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the Charter School's major governmental funds:

The ***General Fund, a major fund*** and a budgeted fund, is the general operating fund of the Charter School and accounts for all revenues and expenditures of the Charter School except those required to be accounted for in other funds. All general revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Charter School has the following major Special Revenue Funds:

i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for special education programs and other special programs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

ii) **The Special Revenue – Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for the revenues 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) which are restricted for specific programs authorized or mandated by the EIA.

iii) **The Special Revenue – Education Foundation Fund, a major fund** and an unbudgeted fund, is used to account for the operations from the Charter School's blended component unit, the Foundation. The Foundation's initial funding was provided by a transfer of $5,000,000 from the General Fund from the Charter School (authorized by resolution from the Board of the Charter School).

Change in Accounting Principle

The Charter School adopted Governmental Accounting Standards Board Statement No. 103 "*Financial Reporting Model Improvements*" ("GASB #103") for the year ended June 30, 2026. The objective of GASB #103 is to enhance the effectiveness and clarity of state and local government financial reporting by updating key elements of the existing reporting model. It focuses on improving how information is presented in management's discussion and analysis, refining unusual or infrequent items recognition, clarifying presentation of proprietary fund statements in the financial statements and statistical section, describing how information on major component units are reported in the basic financial statements, and strengthening budgetary comparison reporting (which includes requiring explanations for significant variances). The adoption of GASB #103 had no impact on the beginning fund balance or net position of the Charter School's financial statements.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The Charter School considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and investments in the South Carolina Local Government Investment Pool are reported as investments.

Investments

The Charter School's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize the Charter School to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Charter School's cash and investment objectives are preservation of capital, liquidity and yield. The Charter School reports its cash and investments at fair value which is normally determined by quoted market prices. The Charter School currently or in the past year has used the following investments:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." These amounts are eliminated in the Statement of Net Position. All trade or other receivables are shown net of an allowance for uncollectible amounts (if material).

3. Prepaid Items and Inventories

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are accounted for using the purchase method (shown as an expenditure when paid), rather than the consumption method (shown as an expenditure when consumed). For the government-wide statements, these prepaid items are also accounted for using the purchase method as they are not considered material.

Inventories

Inventories in the governmental funds (if any) are accounted for using the purchase method (shown as an expenditure when paid).

4. Capital Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are reported as capital outlay expenditures in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost). Donated capital assets are recorded at estimated acquisition value (as estimated by the Charter School) at the date of donation. However, all land will be capitalized regardless of cost.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend a capital asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities. The Charter School does not maintain ownership of any public domain ("infrastructure") capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. The Charter School maintains an individual capitalization threshold of $5,000 and a group purchase capitalization threshold of $75,000. Depreciation is computed using the straight-line method over the following useful lives:

Capital Asset Category	Useful Life Range
Buildings and Improvements	20-40 years
Computer Hardware/Office Equipment	3–10 years

5. Compensated Absences

Charter School employees are granted vacation, flex, and sick leave in varying amounts. Up to 5 days of vacation can be carried forward from year to year. Employees are granted 5 days of flex leave per year, and unused flex leave balances are rolled into employees' sick leave balances. Up to 30 days of sick leave can be carried forward from year to year but can only be used for valid medical reasons. In addition, when employees leave the Charter School, they are not reimbursed for accumulated vacation days or unused sick leave. Therefore, the compensated absences liability consists of accrued vacation leave expected to be used by the end of the next fiscal year and accumulated sick and flex leave that is estimated to be used by employees in the future. The compensated absence liability and expense are reported in the government-wide financial statements.

6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, debt and other long-term obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they have matured (i.e. due and payable).

In the government-wide financial statements, long-term debt, liabilities under software agreements, and other long-term obligations are reported as liabilities on the Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method, if significant. Amortization of premiums and discounts is included in interest expense. Debt premiums and discounts are included with the debt payable and other long-term obligations. Issuance costs are expensed when incurred.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

6. Accrued Liabilities and Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Charter School currently has two types of deferred outflows of resources: (1) The Charter School reports *deferred pension charges* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Charter School reports *deferred OPEB charges* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Charter School currently has three types of deferred inflows of resources: (1) The Charter School reports *unavailable revenue* for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The Charter School also reports *deferred pension credits* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System. (3) The Charter School reports *deferred OPEB credits* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

8. Fund Balance

In accordance with GAAP, the Charter School classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority (Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the Charter School consist of amounts approved by a majority vote of the Board Members (a) in the annually adopted budget or (b) in motions or resolutions made throughout the year.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board has formally granted the Head of School the right to make assignments of fund balance for the Charter School.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of 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, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Charter School generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Charter School generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Charter School does not have a formally approved minimum fund balance policy, but generally attempts to keep its unassigned fund balance in the General Fund to be at least two months of General Fund operating expenditures.

9. Net Position

Net Position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the Statement of Net Position. Net Position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist 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 their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The Charter School recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Charter School's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Charter School's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. 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 Charter 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

11. Fair Value (Continued)

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 Charter 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.

12. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

13. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Charter School has presented its budgetary comparison information for the General Fund as a separate schedule (required supplementary information). See the notes to the budgetary comparison schedule (following the notes to the financial statements) for details regarding the Charter School's budgetary information and process.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. The Charter School does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2026, approximately $747,000 of the Charter School's total bank balances of approximately $5,370,000 (with a carrying value of approximately $5,229,000) was exposed to custodial credit risk as they were uncollateralized.

Investments

As of June 30, 2026, the Charter School had the following investments and maturities:

Investment Type	Fair Value Levels [1]	Credit Rating ^	Fair Value	Weighted Average Maturity < 1 Year
State Local Government Investment Pool	N/A	NR, NR, NR	$ 23,361,039	$ 23,361,039

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

[1] See Note I.C.11 for details of the Charter School's fair value hierarchy.

NR - Not rated.

N/A - Not Applicable or not available.

Interest Rate Risk: The Charter 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 Charter School does not typically buy security investments and thus has not developed a policy for credit risk, custodial credit risk, or concentration of credit risk for these types of investments.

B. Unavailable/Unearned Revenues

Governmental funds report deferred inflows of resources for revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period (if any). Government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received but not yet earned. At June 30, 2026, the Charter School had approximately $51,000 of revenue collected but unearned as it related to special education programs in the Special Revenue and the Special Revenue – EIA Funds.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2026 (all of which are expected to be repaid within one year), are summarized as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	$ 5,247	$ 29,252
Special Revenue Fund	-	5,247
Special Revenue - EIA Fund	29,252	-
Total	$ 34,499	$ 34,499

All cash activities are generally recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund and the other funds. Various differences include Special Revenue payments not received from the South Carolina State Department of Education ("SDE") through the Charter Institute until after the fiscal year.

D. Interfund Transfers

Transfers for the year ended June 30, 2026 consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	$ 3,456,937	$ 940,000
Special Revenue - EIA Fund	-	3,456,937
Special Revenue - Education Foundation	940,000	-
Totals	$ 4,396,937	$ 4,396,937

Transfers between the Special Revenue – EIA Fund and the General Fund were done only after attaining waivers from the SDE which allowed the Charter School to transfer and record these expenditures in the General Fund. Transfers between the Special Revenue – Foundation Fund and the General Fund represent the rent payments made to the Foundation from the Charter School as well as a transfer to cover operating costs (see Note IV.E for more details).

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Capital Assets

Capital asset activity for the Charter School for the year ended June 30, 2026, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable:				
Land	$ 434,630	-	-	$ 434,630
Total Capital Assets, Non-Depreciable	434,630	-	-	434,630
Capital Assets, Depreciable:				
Buildings and Improvements	3,337,821	35,281	-	3,373,102
Computer Hardware	248,388	286,018	-	534,406
Office Equipment	29,171	-	-	29,171
Total Capital Assets, Depreciable	3,615,380	321,299	-	3,936,679
Less: Accumulated Depreciation for:				
Buildings and Improvements	382,125	87,921	-	470,046
Computer Hardware	22,602	168,187	-	190,789
Office Equipment	13,371	3,307	-	16,678
Total Accumulated Depreciation	418,098	259,415	-	677,513
SBITA Intangible Asset	219,897	-	171,091	48,806
Total Capital Assets, Depreciable, Net	3,417,179	61,884	171,091	3,307,972
Capital Assets, Net	$ 3,851,809	61,884	171,091	$ 3,742,602

Capital asset additions/depreciation expense were charged to functions/programs of the Charter School as follows:

Governmental Activities:	Capital Asset Additions	Depreciation Expense
Instruction	$ 214,235	$ 163,771
Support Services	107,064	95,644
Total	$ 321,299	$ 259,415

F. Subscription-Based Information Technology Arrangements

As of June 30, 2026, the Charter School had several software arrangements that require recognition under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB # 96").

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Subscription-Based Information Technology Arrangements (Continued)

The Charter School recognizes a subscription-based information technology arrangements ("SBITA") liability and an intangible right-to-use asset for these software arrangements. The right-to-use asset totaled approximately $48,000 as of June 30, 2026 with the SBITA liability being reduced to $0 as of June 30, 2026. The liability was reduced as the Charter School made all required payments to the software providers, while the intangible right-to-use asset is amortized on a straight-line basis over the various agreement terms. There are no residual value guarantees in the arrangement provisions.

For the year ended June 30, 2026, the Charter School recognized amortization expense of the intangible right-to-use asset of approximately $171,000 and interest expense related to the SBITA liability of approximately $8,000, which are included on the Statement of Activities. As GASB #96 is only recognized on the Government-Wide financial statements, the only items recognized in the Governmental Funds financial statements are the payments made to the software providers during 2026, which totaled approximately $182,000.

As of June 30, 2026, the right-to-use software asset and liability balances were as follows:

Right-to-use SBITA Asset	$ 535,413
Less: SBITA Asset Amortization	(486,607)
Total	48,806
SBITA Liability	535,413
Less: SBITA Liability Amortization	(535,413)
Total	$ -

G. Long-Term Obligations

The Charter School reports its compensated absences liability and SBITA liability in long-term obligations on the Government-Wide financial statements; the Charter School does not have any outstanding indebtedness. The following is a summary of changes in long-term obligations for the year end June 30, 2026:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 301,427	31,968	-	333,395	$ 60,366
SBITAs	171,634	-	171,634	-	-
Total Governmental Activities	$ 473,061	31,968	171,634	333,395	$ 60,366

IV. OTHER INFORMATION

A. Retirement Plans

The Charter School participates in the State of South Carolina's retirement plans. 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' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), 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 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.

The 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 the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost–sharing multiple-employer defined benefit pension plan, was established effective 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.

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to the SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. The PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

Plan Membership

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

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- 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.

- State ORP – As an alternative to membership in the SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.

Plan Benefits

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

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

  The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 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.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan 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, the SCRS ("Plan") 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 9.00 percent for the SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS until reaching 18.56 percent for the SCRS. 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 the statute such that the employer contribution rates for the SCRS can 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 Plan. The statute set rates intended to reduce the unfunded liability of the SCRS 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 the SCRS may not be decreased until the Plan is at least 85 percent funded.

As noted earlier, both employees and the Charter School are required to contribute to the Plan at rates established and as amended by the PEBA. The Charter School's contributions are actuarially determined but are communicated to and paid by the Charter School as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	SCRS and State ORP Rates
	2026
Employer Contribution Rate: ^	
Retirement*	18.41%
Incidental Death Benefit	0.00%
Accidental Death Contributions	0.00%
	18.41%
Employee Contribution Rate ^	9.00%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The actual and required contributions to the SCRS and ORP were approximately $2,000,000 and $128,000, respectively, for the year ended June 30, 2026 and include the nonemployer contributions noted below.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS contribution increases for the year ended June 30, 2026. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2026 were approximately $64,000 for the SCRS. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the Charter School's governmental fund financial statements.

Actuarial Assumptions and Methods

Actuarial valuations of the 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 No. 67 valuation report prepared as of June 30, 2025 is based on the experience study report for the period ending June 30, 2023.

The June 30, 2025 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2024. The TPL was rolled-forward from the valuation date to the Plan' 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 (measurement date) for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), were 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.

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns 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 following table. For actuarial purposes, the 7.00 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.

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	**9.0%**	8.50%	0.77%
Private Debt	**7.0%**	7.40%	0.52%
Real Assets	**12.0%**		
Real Estate	9.0%	5.00%	0.45%
Infrastructure	3.0%	7.70%	0.23%
Total Expected Real Rate of Return	100.0%		5.50%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.75%

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2025 measurement date, for the SCRS, are presented in the following table:

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%

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 No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan's funding requirements.

At June 30, 2026, the Charter School reported a liability of approximately $16,593,000 for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2025, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2024 that was projected forward to the measurement date. The Charter School's proportion of the NPL were based on a projection of the Charter School's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2025 measurement date, the Charter School's SCRS proportion was 0.076788 percent, which was a decrease of 0.005175 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Charter School recognized pension expense of approximately $1,019,000 for the SCRS. At June 30, 2026, the Charter School reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 778,512	$ -
Change in Assumptions	196,108	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,065,339
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	194,960	859,539
Employer Contributions Subsequent to the Measurement Date	2,064,051	-
Total SCRS	$ 3,233,631	$ 1,924,878

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately $2,064,000 that was reported as deferred outflows of resources related to the Charter School's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the NPL in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS
2027	$ 423,517
2028	(434,061)
2029	(499,150)
2030	(245,604)
Total	$ (755,298)

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all 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 sensitivity of the Charter School's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability of the SCRS	$ 22,422,988	16,593,119	$ 11,741,790

Plan's Fiduciary Net Position

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

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Payable to Plan

The Charter School reported a payable of approximately $529,000 to the PEBA as of June 30, 2026, representing required employer and employee contributions for the months of May and June 2026 for the SCRS. This amount is included in Accounts Payable on the financial statements and was paid in July and August 2026.

B. Other Postemployment Benefit Plan

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

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

The 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 the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The 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 Annual Comprehensive Financial Report of the state.

Plan Descriptions

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

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

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

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Plan Benefits

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

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

Plan Contributions and Funding Policies

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 nonemployer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Nonemployer contributions may consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

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 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. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The covered payroll surcharge rate for the year ended June 30, 2026 was 6.10% and was calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws. The actual and required contributions to the SCRHITF were approximately $721,000 for the year ended June 30, 2026.

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the Charter School approximately $2,000 for the year ended June 30, 2025 (measurement period). The contributions from these nonemployer contributing entities were approximately $2,000 for the year ended June 30, 2026 and are recognized as state revenues and intergovernmental expenditures in the Charter School's governmental fund financial statements.

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Plan Contributions and Funding Policies (Continued)

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective NOL arising from contributions to the OPEB plan during the measurement period from nonemployer 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.

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. The Schedule of the Charter School's Proportionate Share of the Net OPEB Liability and the Schedule of the Charter School's Contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about the Charter School's NOL, funded status of the OPEB Plan, and the Charter School's contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability ("TOL"), NOL, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2024 actuarial valuation. The TOL was rolled-forward from the valuation date to the OPEB Plan's fiscal year ended June 30, 2025 using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Methods (Continued)

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Individual Entry - Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of 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 five-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; the 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
Participation Assumption:	75% for retirees who are eligible for funded premiums 60% for retirees who are eligible for partial funded premiums 20% for retirees who are eligible for non-funded premiums
Notes:	The single 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 assumptions were updated to reflect the 2024 SCRS experience study, and both the health care trend rates and election assumption rates were updated to reflect the plan's anticipated experience.

Long-Term Expected Rate of Return

The long-term expected rate of returns 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	Long-Term Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
US Domestic Fixed Income	80.0%	0.95%	0.76%
Cash Equivalents	20.0%	0.35%	0.07%
Total	100.0%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Single Discount Rate

The Single Discount Rate of 5.05% was used to measure the TOL for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The NOL is calculated separately for each system and represents that particular system's TOL determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2025 measurement date for the SCRHITF, are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	$ 17,049,657,227	1,931,391,247	$ 15,118,265,980	11.33%

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

At June 30, 2026, the Charter School reported a liability of approximately $14,273,000 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2025, and the TOL for the SCRHITF used to calculate the NOL was determined based on the most recent actuarial valuation report of June 30, 2024 that was projected forward to the measurement date. The Charter School's proportion of the NOL was based on a projection of the Charter School's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2025 measurement date, the Charter School's proportion was 0.094407 percent, which was a decrease of 0.00658 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Charter School recognized OPEB expense of approximately $1,102,000 for the SCRHITF. At June 30, 2026, the Charter School reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,139,858	$ 1,689,177
Change in Assumptions	2,237,158	4,035,166
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	15,540
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,267,320	1,217,626
Employer Contributions Subsequent to the Measurement Date	600,409	-
Total	$ 5,244,745	$ 6,957,509

Approximately $600,000 that was reported as deferred outflows of resources related to the Charter School's contributions subsequent to the measurement date (which includes an adjustment for the implicit subsidy) to the SCRHITF, will be recognized as a reduction of the NOL in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2027	$ (152,073)
2028	(499,778)
2029	(1,051,285)
2030	(256,466)
2031	(99,405)
Thereafter	(254,166)
Total	$ (2,313,173)

Sensitivity Analysis

The following table presents the sensitivity of the Charter School's NOL for the SCRHITF to changes in the discount rate, calculated using the discount rate of 5.05%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (4.05%) or 1% point higher (6.05%) than the current rate:

	1% Decrease (4.05%)	Current Discount Rate (5.05%)	1% Increase (6.05%)
Net OPEB Liability	$ 16,722,249	14,272,701	$ 12,342,483

The following table presents the sensitivity of the Charter School's NOL to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.80% decreasing to 4.25%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (5.80% decreasing to 3.25%) or 1% point higher (7.80% decreasing to 5.25%) than the current rate:

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Sensitivity Analysis (Continued)

	1% Decrease (5.80% decreasing to 3.25%)	Current Healthcare Cost Trend Rate (6.80% decreasing to 4.25%)	1% Increase (7.80% decreasing to 5.25%)
Net OPEB Liability	$ 11,948,844	14,272,701	$ 17,294,146

OPEB Plans' Fiduciary Net Position

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

Payable to SCRHITF

The Charter School reported a payable of approximately $123,000 to the PEBA as of June 30, 2026, representing required employer and employee contributions for the months of May and June 2026 for the SCRHITF. This amount is included in Accounts Payable on the financial statements and was paid in July and August 2026.

C. Risk Management

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Charter School continues to carry commercial insurance for property and casualty insurance. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

D. Grants

The Charter School participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Charter School expects such amounts, if any, would not have a material adverse effect on the financial condition of the Charter School.

E. Related Party Transactions

In December 2019, the Charter School and Foundation entered into a lease agreement whereby the Charter School would lease the administrative building that was constructed by the Foundation. The Charter School agreed to pay rent of $20,000 per month from November 2020 through June 2025. These rent payments are shown as transfers in the financial statements. The initial term expired on June 30, 2025, and the Charter School extended the lease term for an additional five years through June 30, 2030. Total payments for the year ended June 30, 2026 were $240,000.

IV. OTHER INFORMATION (CONTINUED)

E. Related Party Transactions (Continued)

During the year ended June 30, 2026, the Charter School paid the Foundation $700,000 to cover the Foundation's ongoing operational costs. This payment is shown as a transfer in the financial statements.

F. Subsequent Events

In July 2026, the Charter School entered into an agreement with Splash Omnimedia to provide marketing support services through June 2027 for approximately $280,000.

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Required Supplementary Information

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-1**
WEST COLUMBIA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2026

	BUDGETED AMOUNTS		FINAL BUDGET VARIANCE FROM ORIGINAL BUDGET	ACTUAL (BUDGETARY	VARIANCE WITH FINAL
	ORIGINAL	FINAL	OVER (UNDER)	BASIS)	BUDGET-
REVENUES					
Local Sources:					
Investment Earnings	$ 500,000	500,000	-	988,400	$ 488,400
Other Local Sources	-	-	-	34,306	34,306
State Sources	17,436,183	17,436,183	-	17,640,036	203,853
TOTAL REVENUES	**17,936,183**	**17,936,183**	**-**	**18,662,742**	**726,559**
EXPENDITURES					
Current:					
Instruction	14,497,326	14,497,326	-	14,414,636	82,690
Support Services	7,558,857	7,558,857	-	5,833,162	1,725,695
Capital Outlay	-	251,243	251,243	286,020	(34,777)
TOTAL EXPENDITURES	22,056,183	22,307,426	251,243	20,533,818	1,773,608
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(4,120,000)**	**(4,371,243)**	**(251,243)**	**(1,871,076)**	**2,500,167**
OTHER FINANCING SOURCES (USES)					
Transfers In	3,500,000	3,500,000	-	3,456,937	(43,063)
Transfers Out	(240,000)	(240,000)	-	(940,000)	(700,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,260,000	3,260,000	-	2,516,937	(743,063)
NET CHANGES IN FUND BALANCES	**(860,000)**	**(1,111,243)**	**(251,243)**	**645,861**	**1,757,104**
FUND BALANCES, Beginning of Year	23,366,973	23,366,973	-	23,366,973	-
FUND BALANCES, End of Year	**$ 22,506,973**	**22,255,730**	**(251,243)**	**24,012,834**	**$ 1,757,104**

Note: See the notes to the budgetary comparison schedule for details on the Charter School's basis of accounting, budgetary information, and budgetary highlights.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2026

A. BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

B. BUDGETARY INFORMATION

The Charter School follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. In early spring, the Finance team monitors developments and proposed changes from the South Carolina legislature and any potential changes with the South Carolina Public Employee Benefit Authority ("PEBA") and the South Carolina Retirement System ("SCRS"). Finance also begins preparing for the Board of Directors' budgeting workshops that occur in April and May.

2. The Charter School's leadership team begins reviewing any changes or requests in purchases of technology for curriculums or any potential information technology requests for the next fiscal year. Based on estimated funding levels, requests that need Board approval are identified, and any necessary information is gathered. In late April and early May, the Head of School and Finance meet with the Board of Directors in small groups to conduct budget workshops. These budget workshops give the Board the opportunity to ask questions and provide feedback on the budget. During this time, the Finance team continues to monitor developments in the South Carolina legislature and gives consideration to information from the House Ways and Means Committee budget proposal and the Senate proposal. The Charter School's authorizer, the Charter Institute at Erskine, is also consulted for information on potential budget proposals from the South Carolina House of Representatives.

3. The proposed annual budget is presented to the Board of Directors for public review and consideration. Two readings of the budget are required, with the first reading typically occurring in May and the second and final reading occurring in June. Following the second reading, the Board adopts the final budget prior to the beginning of the subsequent fiscal year.

4. The Finance team is authorized to make budget transfers between different line items within the General Fund, not to exceed overall expenditures, with approval from the Head of School. Any revisions of the budget that result in changes to total appropriations require approval from the Board of Directors.

5. At the year-end, unencumbered balances of appropriations lapse into the unappropriated fund balance.

6. The Charter School's original and final budget reflected an expected usage of fund balances of approximately $860,000 and $1,111,000, respectively.

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2026

C. BUDGETARY HIGHLIGHTS

		General Fund
Significant Variances - Final Budget to Actual		
Investment Earnings	The Charter School takes a conservative position with respect to this budgeted line item, as interest rates may fluctuate throughout the fiscal year. With investment income being primarily derived from money market accounts, those account balances may be more susceptible to changes in interest rates.	$ 488,400
Support Services Expenditures	The Charter School takes a conservative position with respect to this budgeted line item. In addition, several other factors influenced the variance in the year ended June 30, 2026, including a decrease in salaries and benefits due to employee turnover as well as a restructure in information technology services, resulting in savings in purchased services. Actual salaries and fringe expenditures were approximately $412,000 less than budgeted expenditures, and actual purchased services were approximately $1,413,000 less than budgeted expenditures.	1,725,695
Transfers Out	The Charter School transferred $700,000 to the South Carolina Virtual Education Foundation ("Foundation") to support the Foundation's mission to further virtual education in South Carolina. The $700,000 transfer was not budgeted; however, it was approved by the Board of Directors.	$ (700,000)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Charter School's Proportion of the Net Pension Liability (Asset)	0.07679%	0.08196%	0.08202%	0.07748%	0.07498%	0.06396%	0.06520%	0.06479%	0.06341%	0.05956%
Charter School's Proportionate Share of the Net Pension Liability (Asset)	$ 16,593,119	19,220,651	19,830,606	18,782,567	16,226,366	16,343,972	14,888,345	14,516,611	14,273,710	$ 12,721,287
Charter School's Covered Payroll	$ 11,641,694	11,654,315	10,756,102	9,624,569	8,911,273	7,502,467	7,273,826	7,076,040	6,896,433	$ 6,247,338
Charter School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	142.53%	164.92%	184.37%	195.15%	182.09%	217.85%	204.68%	205.15%	206.97%	203.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.21%	61.79%	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually Required Contribution	$ 2,127,776	2,094,914	2,090,446	1,820,841	1,527,813	1,319,637	1,110,517	1,002,480	910,376	$ 739,551
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Charter School	2,064,051	2,031,189	2,026,721	1,757,116	1,464,088	1,255,912	1,046,792	938,755	846,651	739,551
Contributions from the State	63,725	63,725	63,725	63,725	63,725	63,725	63,725	63,725	63,725	-
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	$ -
Charter School Covered Payroll	$ 11,816,643	11,641,694	11,654,315	10,756,102	9,624,569	8,911,273	7,502,467	7,273,826	7,076,040	$ 6,896,433
Contributions as a Percentage of Covered Payroll	18.01%	17.99%	17.94%	16.93%	15.87%	14.81%	14.80%	13.78%	12.87%	10.72%

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Charter School's Proportion of the Net OPEB Liability	0.094407%	0.100987%	0.102604%	0.097920%	0.095555%	0.081391%	0.083169%	0.082053%	0.081781%	0.081781%
Charter School's Proportionate Share of the Net OPEB Liability	$14,272,701	16,280,924	13,432,389	14,895,435	19,897,591	14,692,253	12,576,421	11,627,390	11,077,103	$11,832,591
Charter School's Covered Payroll	$11,641,694	11,654,315	10,756,102	9,624,569	8,911,273	7,502,467	7,273,826	7,076,040	6,896,433	$ 6,247,338
Charter School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	122.6%	139.7%	124.9%	154.8%	223.3%	195.8%	172.9%	164.3%	160.6%	189.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.33%	9.91%	11.24%	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%	6.62%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
The Charter School adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.

The discount rates used by year were as follows:	5.05%	3.97%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2026	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually Required Contribution	$ 720,815	739,248	740,049	672,256	601,536	556,955	468,904	440,066	389,182	$ 367,580
Contributions in Relation to the Contractually Required Contribution	720,815	739,248	740,049	672,256	601,536	556,955	468,904	440,066	389,182	367,580
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	$ -
Charter School's Covered Payroll	$11,816,643	11,641,694	11,654,315	10,756,102	9,624,569	8,911,273	7,502,467	7,273,826	7,076,040	$ 6,896,433
Contributions as a Percentage of Covered Payroll	6.10%	6.35%	6.35%	6.25%	6.25%	6.25%	6.25%	6.05%	5.50%	5.33%

Notes to Schedule:

The Charter School adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.
The above amounts exclude any adjustments for implicit subsidies made by the Charter School.

Supplementary Information

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-2**
WEST COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2026

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1300 Tuition:			
1350 From Patrons for Summer School	$ -	13,625	$ 13,625
1500 Earnings on Investments:			
1510 Interest on Investments	500,000	988,400	488,400
1900 Other Revenue from Local Sources:			
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	20,681	20,681
Total Revenue from Local Sources	500,000	1,022,706	522,706
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3103 State Aid to Classrooms	16,922,183	16,936,801	14,618
3130 Special Programs:			
3181 Retiree Insurance (No Carryover Provision)	450,000	639,510	189,510
3900 Other State Revenue:			
3993 PEBA on-Behalf	64,000	63,725	(275)
Total Revenue from State Sources	17,436,183	17,640,036	203,853
TOTAL REVENUE ALL SOURCES	**17,936,183**	**18,662,742**	**726,559**
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	155,000	154,391	609
200 Employee Benefits	93,000	112,779	(19,779)
300 Purchased Services	75,000	16,491	58,509
400 Supplies and Materials	500	715	(215)
500 Capital Outlay	2,871	3,795	(924)
600 Other Objects	1,000	15	985
112 Primary Programs:			
100 Salaries	880,000	838,198	41,802
200 Employee Benefits	463,000	398,900	64,100
300 Purchased Services	233,000	112,184	120,816
400 Supplies and Materials	5,000	4,781	219
500 Capital Outlay	15,792	20,101	(4,309)
600 Other Objects	500	15	485
113 Elementary Programs:			
100 Salaries	2,835,000	2,949,974	(114,974)
200 Employee Benefits	1,421,377	1,381,948	39,429
300 Purchased Services	545,000	438,222	106,778
400 Supplies and Materials	10,000	2,178	7,822
500 Capital Outlay	63,170	77,099	(13,929)
600 Other Objects	$ 500	231	$ 269

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-2**
WEST COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2026

	FINAL BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	$ 2,150,000	2,181,428	$ (31,428)
200 Employee Benefits	997,270	1,032,476	(35,206)
300 Purchased Services	617,000	544,213	72,787
400 Supplies and Materials	15,000	11,424	3,576
500 Capital Outlay	43,070	58,684	(15,614)
600 Other Objects	500	403	97
115 Career and Technology Education Program:			
100 Salaries	720,000	753,186	(33,186)
200 Employee Benefits	365,892	313,118	52,774
300 Purchased Services (Other Than Tuition)	103,000	109,266	(6,266)
400 Supplies and Materials	20,000	399	19,601
500 Capital Outlay	14,357	14,357	-
600 Other Objects	500	38	462
120 Exceptional Programs:			
123 Orthopedically Handicapped:			
300 Purchased Services	2,500	2,095	405
124 Visually Handicapped:			
300 Purchased Services	5,000	4,000	1,000
125 Hearing Handicapped:			
300 Purchased Services	5,000	16,227	(11,227)
126 Speech Handicapped:			
100 Salaries	260,000	270,980	(10,980)
200 Employee Benefits	125,000	125,298	(298)
300 Purchased Services	47,500	36,783	10,717
400 Supplies and Materials	-	57	(57)
500 Capital Outlay	5,743	5,743	-
127 Learning Disabilities:			
100 Salaries	1,212,243	1,315,243	(103,000)
200 Employee Benefits	590,000	677,733	(87,733)
300 Purchased Services	152,000	134,784	17,216
400 Supplies and Materials	15,000	2,369	12,631
500 Capital Outlay	31,585	31,585	-
600 Other Objects	1,000	-	1,000
128 Emotionally Handicapped:			
300 Purchased Services	5,000	-	5,000
129 Coordinated Early Intervening Services (CEIS):			
100 Salaries	-	82,879	(82,879)
200 Employee Benefits	-	25,350	(25,350)
300 Purchased Services	-	389	(389)
160 Other Exceptional Programs:			
161 Autism:			
300 Purchased Services	10,000	70,279	(60,279)
400 Supplies and Materials	$ 500	-	$ 500

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-2**
WEST COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2026

	FINAL BUDGET	ACTUAL	VARIANCE
162 Limited English Proficiency:			
100 Salaries	$ 175,000	144,399	$ 30,601
200 Employee Benefits	100,000	73,300	26,700
300 Purchased Services	5,000	21,710	(16,710)
400 Supplies and Materials	500	73	427
500 Capital Outlay	2,871	2,871	-
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	10,000	4,750	5,250
200 Employee Benefits	2,339	1,528	811
173 High School Summer School:			
100 Salaries	50,000	26,023	23,977
200 Employee Benefits	16,705	8,369	8,336
180 Adult/Continuing Educational Programs:			
188 Parenting/Family Literacy:			
300 Purchased Services	-	13,045	(13,045)
Total Instruction	14,676,785	14,628,871	47,914
200 Support Services:			
210 Pupil Services:			
212 Guidance Services:			
100 Salaries	1,200,000	1,088,819	111,181
200 Employee Benefits	531,552	454,083	77,469
300 Purchased Services	18,000	14,384	3,616
400 Supplies and Materials	500	198	302
500 Capital Outlay	20,099	20,099	-
600 Other Objects	200	-	200
215 Exceptional Program Services:			
100 Salaries	266,000	231,677	34,323
200 Employee Benefits	139,000	106,733	32,267
300 Purchased Services	126,000	38,947	87,053
400 Supplies and Materials	500	162	338
500 Capital Outlay	2,871	2,871	-
216 Career and Technical Education Placement Services:			
100 Salaries	-	45,287	(45,287)
200 Employee Benefits	-	28,123	(28,123)
300 Purchased Services	-	3,014	(3,014)
217 Career Specialist Services:			
200 Employee Benefits	-	3,070	(3,070)
220 Instructional Staff Services:			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	35,000	27,249	7,751
200 Employee Benefits	22,000	19,677	2,323
300 Purchased Services	2,000	3,927	(1,927)
400 Supplies and Materials	500	75	425
500 Capital Outlay	1,436	1,436	-
600 Other Objects	$ 100	15	$ 85

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-2**
WEST COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2026

	FINAL BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	$ 252,000	182,990	$ 69,010
200 Employee Benefits	111,000	66,503	44,497
300 Purchased Services	4,000	1,660	2,340
400 Supplies and Materials	-	254	(254)
500 Capital Outlay	5,743	5,743	-
224 Improvement of Instruction Inservice and Staff Training:			
300 Purchased Services	50,000	109,915	(59,915)
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	53,300	21,181	32,119
318 Audit Services	50,000	42,050	7,950
400 Supplies and Materials	1,579	263	1,316
233 School Administration:			
100 Salaries	1,535,000	1,486,810	48,190
200 Employee Benefits	697,000	634,312	62,688
300 Purchased Services	739,000	495,405	243,595
400 Supplies and Materials	64,287	13,593	50,694
500 Capital Outlay	27,278	27,278	-
600 Other Objects	130,000	92,968	37,032
250 Finance and Operations Services:			
252 Fiscal Services:			
300 Purchased Services	-	37,963	(37,963)
254 Operation and Maintenance of Plant:			
300 Purchased Services	-	3,748	(3,748)
260 Central Support Services:			
263 Information Services:			
300 Purchased Services	300,000	85,309	214,691
400 Supplies and Materials	-	282	(282)
266 Technology and Data Processing Services:			
100 Salaries	91,313	93,313	(2,000)
200 Employee Benefits	41,026	40,239	787
300 Purchased Services	1,038,000	349,434	688,566
400 Supplies and Materials	60,000	9,531	50,469
500 Capital Outlay	14,357	14,357	-
Total Support Services	7,630,641	5,904,947	1,725,694
TOTAL EXPENDITURES	**22,307,426**	**20,533,818**	**1,773,608**
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	$ 3,500,000	3,456,937	$ (43,063)

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule A-2**
WEST COLUMBIA, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2026

	FINAL BUDGET	ACTUAL	VARIANCE
421-710 Transfer to Special Revenue Fund	$ (240,000)	(940,000)	$ (700,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,260,000	2,516,937	(743,063)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	**(1,111,243)**	**645,861**	**1,757,104**
FUND BALANCES, Beginning of Year	23,366,973	23,366,973	-
FUND BALANCES, End of Year	**$ 22,255,730**	**24,012,834**	**$ 1,757,104**

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SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2026

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1700 Pupil Activities		
1730 Pupil Organization Membership Dues and Fees	$ -	-
1790 Other Pupil Activity Income	-	-
Total Revenue from Local Sources	-	-
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3130 Special Programs:		
3135 Reading Coaches	-	-
3187 Teacher Supplies (No Carryover Provision)	-	-
3900 Other State Revenue:		
3994 PEBA Nonemployer Contributions	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Career and Technology Education - Basic Grants to States	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	145,500	-
4351 Supporting Effective Instruction	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA)	-	326,645
Total Revenue from Federal Sources	145,500	326,645
TOTAL REVENUE ALL SOURCES	**145,500**	**326,645**
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
112 Primary Programs:		
400 Supplies and Materials	-	-
113 Elementary Programs:		
100 Salaries	46,744	-
200 Employee Benefits	11,457	-
400 Supplies and Materials	$ -	-
600 Other Objects		

CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Pupil Activity (700s)	Totals
-	-	-	4,726	$ 4,726
-	-	-	11,806	11,806
-	-	-	16,532	16,532
-	56,392	-	-	56,392
-	2,000	-	-	2,000
-	2,242	-	-	2,242
-	60,634	-	-	60,634
10,750	-	-		10,750
-	-	2,093	-	147,593
-	-	15,851	-	15,851
-	-	4,109	-	330,754
10,750	-	22,053	-	504,948
10,750	**60,634**	**22,053**	**16,532**	**582,114**
-	400	-	-	400
-	-	-	-	46,744
-	-	-	-	11,457
-	400	-	-	$ 400

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2026

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
114 High School Programs:		
100 Salaries	68,945	-
200 Employee Benefits	$ 16,899	-
115 Career and Technology Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
126 Speech Handicapped:		
100 Salaries	-	30,094
200 Employee Benefits	-	7,376
400 Supplies and Materials	-	-
127 Learning Disabilities:		
100 Salaries	-	232,250
200 Employee Benefits	-	56,925
300 Purchased Services	-	-
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
180 Adult/Continuing Educational Programs:		
188 Parenting/Family Literacy:		
300 Purchased Services	1,455	-
190 Instructional Pupil Activity:		
100 Salaries	-	-
300 Purchased Services (Optional)	-	-
Total Instruction	145,500	326,645
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
400 Supplies and Materials	-	-
215 Exceptional Program Services:		
100 Salaries	-	-
200 Employee Benefits	$ -	-

CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Pupil Activity (700s)	Totals
-	-	-	-	68,945
-	-	-	-	$ 16,899
8,634	-	-	-	8,634
2,116	-	-	-	2,116
-	400	-	-	400
-	-	-	-	30,094
-	-	-	-	7,376
-	400	-	-	400
-	-	-	-	232,250
-	-	-	-	56,925
-	-	2,093	-	2,093
-	-	944	-	944
-	-	304	-	304
-	-	1,203	-	1,203
-	-	387	-	387
-	-	-	-	1,455
-	-	-	401	401
-	-	-	499	499
10,750	1,600	4,931	900	490,326
-	400	-	-	400
-	-	963	-	963
-	-	310	-	$ 310

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2026

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
220 Instructional Staff Services:		
221 Improvement of Instruction Curriculum Development:		
100 Salaries	$ -	-
200 Employee Benefits	-	-
224 Improvement of Instruction Inservice and Staff Training:		
300 Purchased Services	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
600 Other Objects (Optional)	-	-
273 Trust and Agency Activities:		
400 Supplies and Materials (Optional)	-	-
600 Other Objects (Optional)	-	-
Total Support Services	-	-
410 Intergovernmental Expenditures:		
419 Payments to PEBA Nonemployer Contributions		
720 Transits	-	-
Total Intergovernmental Expenditures	-	-
TOTAL EXPENDITURES	**145,500**	**326,645**
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	**-**	**-**
FUND BALANCES, Beginning of Year	-	-
FUND BALANCES, End of Year	**$ -**	**-**

CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Pupil Activity (700s)	Totals
-	42,998	-	-	$ 42,998
-	13,394	-	-	13,394
-	-	15,849	-	15,849
-	-	-	10,633	10,633
-	-	-	622	622
-	-	-	4,386	4,386
-	56,792	17,122	15,641	89,555
-	2,242	-	-	2,242
-	2,242	-	-	2,242
10,750	**60,634**	**22,053**	**16,541**	**582,123**
-	**-**	**-**	**(9)**	**(9)**
-	-	-	742	742
-	**-**	**-**	**733**	**$ 733**

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-2**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2026

OTHER DESIGNATED RESTRICTED STATE	
917	Teacher Supplies (No Carryover Provision)
935	Reading Coaches
994	PEBA Nonemployer Contributions
OTHER SPECIAL REVENUE PROGRAMS	
210	Title IV - SSAE
212	Extended School Year Handicapped Services
237	Targeted School Improvement
267	Supporting Effective Instruction

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-3**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2026

					SPECIAL REVENUE		
SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	UNEARNED
917	3187	Teacher Supplies (No Carryover Provision)	$ 2,000	2,000	-	-	$ -
935	3135	Reading Coaches	56,392	56,392	-	-	-
994	3994	PEBA Nonemployer Contributions	2,242	2,242	-	-	-
		Totals	**$ 60,634**	**60,634**	**-**	**-**	**$ -**

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-4**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

YEAR ENDED JUNE 30, 2026

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3503 State Aid to Classrooms	$ 3,456,937
3518 Adoption List of Formative Assessment	7,413
3526 Refurbishment of Science Kits	3,375
3528 Industry Certifications/Credentials	51,353
3529 Career and Technical Education	67,546
3532 National Board Salary Supplement	118,944
3557 Summer Reading Program	29,424
3577 Teacher Supplies (No Carryover Provision)	54,000
3595 EEDA - Supplies and Materials	3,536
Total Revenue from State Sources	3,792,528
TOTAL REVENUE ALL SOURCES	**3,792,528**
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	7,500
200 Employee Benefits	2,412
300 Purchased Services	590
400 Supplies and Materials	800
112 Primary Programs:	
300 Purchased Services	2,893
400 Supplies and Materials	4,800
113 Elementary Programs:	
100 Salaries	20,000
200 Employee Benefits	6,432
300 Purchased Services	7,305
400 Supplies and Materials	16,400
114 High School Programs:	
100 Salaries	35,000
200 Employee Benefits	11,256
400 Supplies and Materials	11,600
115 Career and Technology Education Programs:	
100 Salaries	12,500
200 Employee Benefits	4,020
300 Purchased Services - Other Than Tuition	60,334
400 Supplies and Materials	8,702
120 Exceptional Programs:	
126 Speech Handicapped:	
400 Supplies and Materials	1,200
127 Learning Disabilities:	
100 Salaries	7,500
200 Employee Benefits	2,412
400 Supplies and Materials	$ 8,800

(Continued)

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-4**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

YEAR ENDED JUNE 30, 2026

	ACTUAL
160 Other Exceptional Programs:	
162 Limited English Proficiency:	
400 Supplies and Materials	$ 800
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	13,112
200 Employee Benefits	4,217
400 Supplies and Materials	10,509
Total Instruction	261,094
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	7,500
200 Employee Benefits	2,412
300 Purchased Services	3,536
400 Supplies and Materials	5,200
216 Career and Technical Education Placement Services:	
100 Salaries	33,905
200 Employee Benefits	15,641
400 Supplies and Materials	400
217 Career Specialist Services:	
400 Supplies and Materials	400
230 General Administration Services:	
233 School Administration:	
100 Salaries	1,201
200 Employee Benefits	386
270 Support Services - Pupil Activity:	
271 Pupil Service Activities:	
300 Purchased Services	3,916
Total Support Services	74,497
TOTAL EXPENDITURES	**335,591**
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(3,456,937)
TOTAL OTHER FINANCING SOURCES (USES)	(3,456,937)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	-
FUND BALANCE, End of Year	**$ -**

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-5**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT FUND

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2026

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3503 State Aid to Classrooms	$ 3,456,937	-	-	(3,456,937)	$ -
3518 Adoption List of Formative Assessment	7,413	7,413	-	-	-
3526 Refurbishment of Science Kits	3,375	3,375	-	-	4,826
3528 Industry Certifications/Credentials	51,353	51,353	-	-	16,861
3529 Career and Technology Education	67,546	67,546	-	-	-
3532 National Board Salary Supplement	118,944	118,944	-	-	-
3557 Summer Reading Program	29,424	29,424	-	-	24,329
3577 Teacher Supplies (No Carryover Provision)	54,000	54,000	-	-	-
3595 EEDA - Supplies and Materials	3,536	3,536	-	-	-
Totals	**$ 3,792,528**	**335,591**	**-**	**(3,456,937)**	**$ 46,016**

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
WEST COLUMBIA, SOUTH CAROLINA

Schedule B-6

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2026

Program	Project/Grant Number	Revenue & Subfund Code	Description	Amount Due to State Department of Education or Federal Government	Status of Amount Due to Grantors
National Board Salary Supplement	N/A	3532 / 332	Unexpended Funds	$ 135.33	Will be repaid in FY 2027
Total				$ 135.33	

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL **Schedule B-7**
WEST COLUMBIA, SOUTH CAROLINA

SPECIAL REVENUE - EDUCATION FOUNDATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

YEAR ENDED JUNE 30, 2026

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	$ 58,464
Total Revenue from Local Sources	58,464
TOTAL REVENUE ALL SOURCES	**58,464**
EXPENDITURES	
200 Support Services:	
250 Finance and Operations Services:	
253 Facilities Acquisition and Construction:	
100 Salaries	29,000
200 Employee Benefits	2,219
300 Purchased Services	119,576
400 Supplies and Materials	21,477
500 Capital Outlay (Optional)	35,281
660 Pupil Activity	1,805
Total Support Services	209,358
TOTAL EXPENDITURES	**209,358**
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	940,000
TOTAL OTHER FINANCING SOURCES (USES)	940,000
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	789,106
FUND BALANCE, Beginning of Year	1,587,979
FUND BALANCE, End of Year	**$ 2,377,085**

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*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
South Carolina Virtual Charter School
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 ("*Government Auditing Standards*"), the financial statements of the governmental activities and each major fund of the South Carolina Virtual Charter School, South Carolina (the "Charter 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 Charter School's basic financial statements, and have issued our report thereon dated October 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 Charter 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*.

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
October 16, 2026