

Learn4Life - South Carolina
(A Component Unit of the South Carolina
Public Charter School District)

NORTH CHARLESTON, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2023

(With Independent Auditors' Report Thereon)

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
Learn4Life - South Carolina
North Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Learn4Life - South Carolina d/b/a Learn4Life Charleston Charter School ("the School"), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the accompanying table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Learn4Life - South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of Learn4Life - South Carolina. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

This discussion and analysis of Learn4Life - South Carolina's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the liabilities of the School exceeded its assets at the close of the most recent fiscal year by \$887,473 (net deficit position).

The School's net position decreased by \$179,218 during the current fiscal year, as compared to a decrease of \$622,203 in the previous fiscal year.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$331,506, compared to a fund balance of \$225,591 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$2,346,411.

During the 2023 fiscal year, the School's governmental fund-type revenues were \$1,503,061. The School reported governmental fund-type revenues of \$856,872 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$1,590,111.

Overall

The 135-day student count increased by 60, from 45 students in the prior year to 105 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

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

Other Information

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

**Major Features of Learn4Life - South Carolina
Government-Wide and Fund Financial Statements**

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

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities exceeded assets by \$887,473 at the close of the most recent fiscal year.

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

Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 429,320	\$ 280,742
Capital assets	2,346,211	2,521,735
Total assets	2,775,531	2,802,477
Liabilities		
Long-term liabilities	3,565,191	3,455,581
Other liabilities	97,813	55,151
Total liabilities	3,663,004	3,510,732
Net Position (Deficit)		
Net investment in capital	-	-
Unrestricted net position (deficit)	(887,473)	(708,255)
Total net position (deficit)	\$ (887,473)	\$ (708,255)

During the fiscal year, net position of the School's governmental activities decreased by \$179,218. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$887,473) at June 30, 2023.

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

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

Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues		
Program revenue:		
Operating grants	\$ 1,501,074	\$ 856,856
Charges for services	1,191	-
General revenues:		
Unrestricted investment earnings	120	17
Other revenue	670	-
	<u>1,503,055</u>	<u>856,873</u>
Program Expenses		
Instruction	368,039	508,770
Support services	1,196,909	881,107
Interest	117,330	89,199
	<u>1,682,278</u>	<u>1,479,076</u>
Increase (decrease) in net position	<u>\$ (179,223)</u>	<u>\$ (622,203)</u>

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2023, the School's Governmental Funds reported combined fund balances of \$331,506 as compared to \$225,591 for the prior year.

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

General Fund Budgetary Highlights

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

**LEARN4LIFE - SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the School had \$2,346,211 net investment in capital assets. The year-end total of capital assets was \$2,692,168, with a total accumulated depreciation of (\$345,957). The depreciation expense taken during the year was \$175,523, and there were no capital asset additions.

The following table shows fiscal 2023 and 2022:

	Capital Assets (Net of Depreciation)	
	Governmental Activities	
	2023	2022
Equipment	\$ 134,371	\$ 160,228
Furniture & fixtures	21,710	26,052
Building improvements	585,313	630,337
Right of use asset - building	1,604,817	1,705,118
	<hr/>	<hr/>
Totals	\$ 2,346,211	\$ 2,521,735
	<hr/> <hr/>	<hr/> <hr/>

Long-term Debt

At fiscal year-end, the School had \$3,565,191 in long-term liabilities, comprised of \$1,200,000 in notes payable, \$713,744 in advances payable, and \$1,651,191 in lease obligations payable.

Economic Factors

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

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

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 6209 Rivers Avenue, North Charleston, South Carolina.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Statement of Net Position
June 30, 2023**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 388,959
Due from other governmental units	11,747
Other receivables	2,351
Deposits	3,005
Prepaid expenses	23,258
Capital assets	2,692,168
Less accumulated depreciation and amortization	<u>(345,957)</u>
Total capital assets, net of depreciation and amortization	<u>2,346,211</u>
Total assets	<u>2,775,531</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	96,013
Due to other governmental units	1,800
Long-term liabilities:	
Due within one year	89,832
Due in more than one year	<u>3,475,359</u>
Total liabilities	<u>3,663,004</u>
<u>NET POSITION</u>	
Net investment in capital assets	-
Unrestricted net position (deficit)	<u>(887,473)</u>
Total net position (deficit)	<u>\$ (887,473)</u>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2023**

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 368,039	\$ -	\$ 328,396	\$ (39,643)
Support services	1,196,909	-	1,067,986	(128,923)
Interest and other charges	<u>117,330</u>	<u>1,191</u>	<u>104,692</u>	<u>(11,447)</u>
Total governmental activities	<u>1,682,278</u>	<u>1,191</u>	<u>1,501,074</u>	<u>(180,013)</u>
Total	\$ <u>1,682,278</u>	\$ <u>1,191</u>	\$ <u>1,501,074</u>	<u>(180,013)</u>
General revenue:				
Miscellaneous revenue				675
Unrestricted investment earnings				<u>120</u>
Total general revenue				<u>795</u>
Change in net position				(179,218)
Net position (deficit), beginning of year				<u>(708,255)</u>
Net position (deficit), end of year				<u>\$ (887,473)</u>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 388,959	\$ -	\$ -	\$ 388,959
Due from other governmental units	-	11,747	-	11,747
Due from other funds	9,947	-	-	9,947
Other receivables	2,351	-	-	2,351
Deposits	3,005	-	-	3,005
Prepaid expenses	23,258	-	-	23,258
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 427,520	\$ 11,747	\$ -0-	\$ 439,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 96,014	\$ -	\$ -	\$ 96,014
Due to other funds	-	9,947	-	9,947
Due to other governmental units	-	1,800	-	1,800
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	96,014	11,747	-0-	107,761
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Nonspendable	23,258	-	-	23,258
Unassigned	308,248	-	-	308,248
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	331,506	-0-	-0-	331,506
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 427,520	\$ 11,747	\$ -0-	\$ 439,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023**

Total fund balance - Governmental Funds	\$	331,506
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is \$2,692,169, and the accumulated depreciation is \$345,957.</p>		2,346,212
<p>Long-term liabilities, including notes payable and lease obligations, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		<u>(3,565,191)</u>
Net position (deficit) of governmental activities	\$	<u><u>(887,473)</u></u>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 1,986	\$ -	\$ -	\$ 1,986
State	1,034,592	-	178,736	1,213,328
Federal	-	287,747	-	287,747
Intergovernmental	-	-	-	-
	<u>1,036,578</u>	<u>287,747</u>	<u>178,736</u>	<u>1,503,061</u>
EXPENDITURES				
Current:				
Instruction	288,012	19,851	-	307,863
Support services	801,909	279,471	183	1,081,563
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	83,355	-	-	83,355
Interest and other	117,330	-	-	117,330
Capital outlay	-	-	-	-
	<u>1,290,606</u>	<u>299,322</u>	<u>183</u>	<u>1,590,111</u>
Excess (deficiency) of revenues over expenditures	<u>(254,028)</u>	<u>(11,575)</u>	<u>178,553</u>	<u>(87,050)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	192,965	-	-	192,965
Operating transfers in	178,553	11,575	-	190,128
Operating transfers out	<u>(11,575)</u>	<u>-</u>	<u>(178,553)</u>	<u>(190,128)</u>
	<u>359,943</u>	<u>11,575</u>	<u>(178,553)</u>	<u>192,965</u>
Net changes in fund balance	105,915	-0-	-0-	105,915
FUND BALANCE, July 1, 2022	<u>225,591</u>	<u>-0-</u>	<u>-0-</u>	<u>225,591</u>
FUND BALANCE, June 30, 2023	<u>\$ 331,506</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 331,506</u>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023**

Total net changes in fund balance - Governmental Funds	\$	105,915
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$175,523) exceeds capital outlays (\$0,000) in the period.</p>	(175,523)	
<p>Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>	(192,965)	
<p>Repayment of debt and lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>83,355</u>	
Change in net position of governmental activities	\$	<u><u>(179,218)</u></u>

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Learn4Life - South Carolina (“the School”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governments. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Learn4Life - South Carolina is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2021. A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter. The School operates within the South Carolina Public Charter School District (“the District”). The School serves approximately 105 students grade nine through grade twelve in Charleston County, South Carolina.

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The School reports the following major Governmental Funds:

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

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

1) Deposits and Investments

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

2) Prepaid Items

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

3) Receivables and Payables

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

4) Capital Assets

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

Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over an estimated useful life of five to fifteen years.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

5) Long-term Obligations

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

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

6) Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. The School had no unearned revenue as of June 30, 2023.

7) Compensated Absences

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

8) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual Governmental Funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. The School has no restricted fund balances in its non-general funds. Committed fund balance amounts are established by the School Board through motions passed at School Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Fund Equity, continued

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

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

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

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

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

9) Net Position

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

10) Fair Value

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

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

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

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

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

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

11) Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2023, the School's carrying amount of deposits was \$388,959, and the bank balance was \$388,959, of which \$138,959 was not covered by FDIC insurance and was not collateralized. The School had no investments at June 30, 2023.

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

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

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

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

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

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Equipment	\$ 211,388	\$ -	\$ -	\$ 211,388
Building improvements	675,361	-	-	675,361
	<u>886,749</u>	<u>-0-</u>	<u>-0-</u>	<u>886,749</u>
Less accumulated depreciation for:				
Equipment	25,108	30,198	-	55,306
Building improvements	45,025	45,024	-	90,049
	<u>70,133</u>	<u>75,222</u>	<u>-0-</u>	<u>145,355</u>
Total capital assets being depreciated, net	<u>816,616</u>	<u>(75,222)</u>	<u>-0-</u>	<u>741,394</u>
Lease assets, being amortized:				
Right of Use Asset - Building	1,805,419	-	-	1,805,419
	<u>1,805,419</u>	<u>-0-</u>	<u>-0-</u>	<u>1,805,419</u>
Less accumulated amortization for:				
Right of Use Asset - Building	100,301	100,301	-	200,602
	<u>100,301</u>	<u>100,301</u>	<u>-0-</u>	<u>200,602</u>
Total lease assets being amortized, net	<u>1,705,118</u>	<u>(100,301)</u>	<u>-</u>	<u>1,604,817</u>
Governmental Activities capital assets, net	<u>\$ 2,521,734</u>	<u>\$ (175,523)</u>	<u>\$ -0-</u>	<u>\$ 2,346,211</u>

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

Governmental Activities:	
Instruction	\$ 140,418
Support	<u>35,105</u>
Total depreciation and amortization expense - Governmental Activities	<u>\$ 175,523</u>

The School follows the guidance of GASB Statement 87 *Leases*. The School has recognized an intangible Right of Use Asset - Building in the amount of \$1,805,419. This asset is being amortized over the remaining term of the related building lease.

C. Due to/From Other Funds

The General Fund was owed \$9,947 from the Special Revenue Fund for amounts not yet collected by the Special Revenue Fund at June 30, 2023.

The General Fund received transfers of \$178,553 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid. The General Fund transferred funds of \$11,575 to the Special Revenue Fund to help offset unfunded mandates.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-term Debt

The School entered into a promissory note agreement with Lifelong Learning Administration Corporation (“LLAC”) in December 2021. The note has a maximum borrowing level of \$1,200,000 and bears interest at 4%, with principal and accrued interest due on June 30, 2025. The School owed \$1,200,000 on this note as of June 30, 2023. See Footnote IV. C. for a further description of the relationship and transactions between the School and LLAC.

The School also received advances from LLAC to assist with building improvements and other expenditures. During the year ended June 30, 2023, the School was advanced \$143,518 for expenditures and \$49,447 for accrued interest and owed \$628,124 on such advances and \$85,620 in accrued interest as of June 30, 2022.

Maturities of the notes and advances outstanding at June 30, 2023, are as follows:

Year Ending June 30	
2024	\$ -
2025	<u>1,720,779</u>
Total	\$ <u>1,720,779</u>

The School follows the guidance of GASB Statement #87 *Leases*. The School has recognized a lease liability relating to its building lease in the amount of \$1,805,419.

Maturities of the lease liabilities outstanding at June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 89,832	\$ 64,431	\$ 154,263
2025	96,634	60,714	157,348
2026	103,778	56,719	160,497
2027	110,741	52,433	163,174
2028	117,704	49,396	167,100
2029 - 2033	625,170	190,696	815,866
2034 - 2038	<u>507,588</u>	<u>54,594</u>	<u>562,182</u>
Total	\$ <u>1,651,447</u>	\$ <u>528,983</u>	\$ <u>2,180,430</u>

Interest expense for the year ended June 30, 2023, was \$117,330.

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Promissory note	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000	\$ -
Advances	520,779	192,965	-	713,744	-
Lease obligation - building lease	<u>1,734,802</u>	<u>-</u>	<u>83,355</u>	<u>1,651,447</u>	<u>89,832</u>
Total long-term obligations	\$ <u>3,455,581</u>	\$ <u>192,965</u>	\$ <u>83,355</u>	\$ <u>3,565,191</u>	\$ <u>89,832</u>

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2023**

III. DETAILED NOTES ON ALL FUNDS, Continued

E. Lease Obligations

In April 2021, the School entered into a lease agreement for its educational facility. The initial term of the lease is sixty-four months, with rentals of \$12,315 for the first year and annual escalations thereafter. The lease has two five-year renewal options.

The School follows the guidance of GASB Statement #87 *Leases*. The statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases. A lessee entity is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset. The School has analyzed its leases and recognized a Right of Use Asset - Building in the amount of \$1,805,419. This asset is being amortized over the remaining term of the lease.

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Commitments and Contingencies

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

C. Related Parties

The School entered into a management agreement with a charter school management group that provides educational programming, as well as school management, fiscal management, human resources, and facilities management services. The agreement commenced in June 2020 and terminates in June 2025, with additional automatic one-year renewals unless notice of intent to terminate is given by either party. The management group provides an educational services program, as well as management for the School. The School pays the group 15% of gross monthly revenue. The School incurred a total of \$231,469 in management fees for all related services for the year ended June 30, 2023. The School also reimburses the group for certain expenditures and purchases made on its behalf.

D. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 28, 2023, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2023.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ -	\$ 120	\$ 120
1700 Pupil activities			
1790 Other pupil activity income	-	1,191	1,191
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	675	675
Total local sources	<u>-</u>	<u>1,986</u>	<u>1,986</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	1,282,319	1,031,714	(250,605)
3300 State aid to classrooms - Education Finance Act (EFA)			
3330 Miscellaneous EFA programs			
3392 NBC excess EFA formula	-	2,878	2,878
Total state sources	<u>1,282,319</u>	<u>1,034,592</u>	<u>(247,727)</u>
Total revenues all sources	<u>1,282,319</u>	<u>1,036,578</u>	<u>(245,741)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	267,090	212,249	54,841
200 Employee benefits	54,705	37,971	16,734
300 Purchased services	10,000	1,300	8,700
400 Supplies and materials	10,000	11,190	(1,190)

LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	\$ 25,903	\$ 20,584	\$ 5,319
200 Employee benefits	5,937	4,718	1,219
300 Purchased services	20,000	-	20,000
400 Supplies and materials	1,000	-	1,000
	<u>394,635</u>	<u>288,012</u>	<u>106,623</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
200 Employee benefits	9,219	9,361	(142)
212 Guidance services			
100 Salaries	28,767	44,182	(15,415)
200 Employee benefits	277	281	(4)
213 Health services			
300 Purchased services	-	256	(256)
400 Supplies and materials	-	742	(742)
214 Psychological services			
300 Purchased services	10,000	6,189	3,811
220 Instructional staff services			
223 Supervision of special programs			
200 Employee benefits	515	523	(8)
224 Improvement of instruction inserv and staff training			
300 Purchased services	5,000	1,327	3,673
400 Supplies and materials	-	215	(215)
230 General administrative services			
231 Board of education			
318 Audit services	12,000	9,100	2,900
600 Other objects	18,000	20,236	(2,236)

LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
233 School administration			
100 Salaries	\$ 111,233	\$ 170,835	\$ (59,602)
200 Employee benefits	28,514	28,952	(438)
300 Purchased services	206,831	236,677	(29,846)
400 Supplies and materials	15,000	69,013	(54,013)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	45,646	38,499	7,147
600 Other objects	150	-	150
254 Operation and maintenance of plant			
300 Purchased services	56,824	81,937	(25,113)
400 Supplies and materials	12,000	2,865	9,135
470 Energy (incl gas, oil, elect & oth heating fuels)	18,000	15,848	2,152
256 Food services			
400 Supplies and materials	40,000	-	40,000
258 Security			
300 Purchased services	3,500	21,895	(18,395)
400 Supplies and materials	-	11,424	(11,424)
260 Central support services			
263 Information services			
300 Purchased services	5,000	2,225	2,775
400 Supplies and materials	2,500	139	2,361
266 Technology and data processing services			
300 Purchased services	12,000	2,862	9,138
400 Supplies and materials	5,000	21,121	(16,121)
270 Support services - pupil activity			
271 Pupil service activities			
400 Supplies and materials	-	3,388	(3,388)
660 Pupil activity	-	1,817	(1,817)
Total support services	<u>645,976</u>	<u>801,909</u>	<u>(155,933)</u>

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
500 Debt services			
610 Redemption of principal	\$ 83,000	\$ 83,355	\$ (355)
620 Interest	<u>117,000</u>	<u>117,330</u>	<u>(330)</u>
Total debt services	<u>200,000</u>	<u>200,685</u>	<u>(685)</u>
Total expenditures	<u>1,240,611</u>	<u>1,290,606</u>	<u>(49,995)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	192,965	192,965
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	-	178,553	178,553
421-710 Transfer to Special Revenue Fund	<u>-</u>	<u>(11,575)</u>	<u>(11,575)</u>
Total other financing sources (uses)	<u>-</u>	<u>359,943</u>	<u>359,943</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 41,708</u>	105,915	<u>\$ 64,207</u>
FUND BALANCE, July 1, 2022		<u>225,591</u>	
FUND BALANCE, June 30, 2023		<u>\$ 331,506</u>	

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education* (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
REVENUES								
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4320 Charter school (plan & implement) grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,645	\$ 238,645
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	893	893
4351 Supporting effective instruction	-	-	-	-	-	-	4,890	4,890
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	9,770	-	-	-	-	-	9,770
4900 Other federal sources								
4937 ARP Homeless children & youth	-	-	-	-	-	-	1,077	1,077
4990 Other federal revenue								
4974 ESSER III	-	-	-	-	-	-	10,000	10,000
4977 ESSER II	-	-	-	-	-	-	22,472	22,472
Total federal sources	<u>-</u>	<u>9,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,977</u>	<u>287,747</u>
Total revenues all sources	<u>-</u>	<u>9,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,977</u>	<u>287,747</u>

EXPENDITURES

100 Instruction								
110 General instruction								
114 High school programs								
400 Supplies and materials	-	-	-	-	-	-	9,577	9,577
127 Learning disabilities								
100 Salaries	-	9,770	-	-	-	-	-	9,770

* See Schedule 5 for a listing of LEA subfund codes for each program

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
160 Other exceptional programs								
162 Limited english proficiency								
400 Supplies and materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504	\$ 504
Total instruction	-	9,770	-	-	-	-	10,081	19,851
200 Support services								
210 Pupil services								
211 Attendance and social work services								
100 Salaries	-	-	-	-	-	-	1,000	1,000
200 Employee benefits	-	-	-	-	-	-	77	77
220 Instructional staff services								
224 Improvement of instruction inserv and staff training								
400 Supplies and materials	-	-	-	-	-	-	389	389
230 General administrative services								
231 Board of education								
600 Other objects	-	-	-	-	-	-	720	720
233 School administration								
100 Salaries	-	-	-	-	-	-	22,471	22,471
400 Supplies and materials	-	-	-	-	-	-	38,980	38,980
600 Other objects	-	-	-	-	-	-	674	674
250 Finance and operations services								
252 Fiscal services								
300 Purchased services	-	-	-	-	-	-	18,000	18,000
254 Operation and maintenance of plant								
300 Purchased services	-	-	-	-	-	-	10,000	10,000

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
256 Food services								
400 Supplies and materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,575	\$ 11,575
260 Central support services								
263 Information services								
100 Salaries	-	-	-	-	-	-	4,890	4,890
300 Purchased services	-	-	-	-	-	-	104,612	104,612
266 Technology/data processing services								
300 Purchased services	-	-	-	-	-	-	9,548	9,548
400 Supplies and materials	-	-	-	-	-	-	56,535	56,535
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,471</u>	<u>279,471</u>
Total expenditures	<u>-</u>	<u>9,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,552</u>	<u>299,322</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	11,575	11,575
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,575</u>	<u>11,575</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES								
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, July 1, 2022								
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2023								
	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2023**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
		\$ <u><u>-0-</u></u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
252	Charter school (plan & implement) grant	\$ 238,645	4320
264	Lang instr ltd english prof/immig, Title	893	4341
267	Supporting effective instruction	4,890	4351
263	ARP Homeless children & youth	1,077	4937
218	ESSER III	10,000	4974
225	ESSER II	<u>22,472</u>	4977
		\$ <u><u>277,977</u></u>	

**LEARN4LIFE - SOUTH CAROLINA
 NORTH CHARLESTON, SOUTH CAROLINA
 Special Revenue Fund
 Summary Schedule for Designated State Restricted Grants
 For Year Ended June 30, 2023**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
			\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2023**

REVENUES

3000 Revenue from state sources	
3500 Education improvement act	
3503 State aid to classrooms	\$ 178,553
3595 EEDA - supplies and materials	<u>183</u>
Total state sources	<u>178,736</u>
Total revenues all sources	<u>178,736</u>

EXPENDITURES

200 Support services	
270 Support services - pupil activity	
271 Pupil service activities	
660 Pupil activities	<u>183</u>
Total support services	<u>183</u>
Total expenditures	<u>183</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	<u>(178,553)</u>
Total other financing sources (uses)	<u>(178,553)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES -0-

FUND BALANCE, July 1, 2022 -0-

FUND BALANCE, June 30, 2023 \$ -0-

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2023**

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3503 State aid to classrooms	\$ 178,553	\$ -	\$ -	\$ (178,553)	\$ -
3595 EEDA - supplies and materials	<u>183</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 178,736</u>	<u>\$ 183</u>	<u>\$ -0-</u>	<u>\$ (178,553)</u>	<u>\$ -0-</u>

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2023**

<u>Program</u>	<u>Grant/ Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDOE/Federal Government</u>	<u>Status of Payments</u>
None.					

LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Section II - Financial Statement/Compliance Findings

None.

**LEARN4LIFE - SOUTH CAROLINA
NORTH CHARLESTON, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2023**

Section I - Financial Statement Findings

None.

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

Board of Directors
Learn4Life - South Carolina
North Charleston, South Carolina

We have audited the financial statements of Learn4Life - South Carolina as of and for the year ended June 30, 2023, and have issued our report thereon dated September 28, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Greenville, South Carolina
September 28, 2023