FINANCIAL STATEMENTS

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2025

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
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FINANCIAL SECTION

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2025

REBEKAH BARR
CPA PC

Independent Auditor's Report

Board of Directors
Classical Charter Schools of America, Inc.
Charlotte, North Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Classical Charter Schools of America, Inc., North Carolina, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Classical Charter Schools of America, Inc., as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Classical Charter Schools of America, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Classical Charter Schools of America, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 a 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 Classical Charter Schools of America, Inc.'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 Classical Charter Schools of America, Inc.'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 on pages 8-24 be presented to supplement the basic financial statements. Such information, 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 Classical Charter Schools of America, Inc.'s basic financial statements. The accompanying budgetary schedules and the schedule of expenditures of federal and state awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 applies 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 budgetary schedules and the schedule of expenditures of federal and state awards are 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 20, 2025, on our consideration of Classical Charter Schools of America, Inc.'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 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 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 Classical Charter Schools of America, Inc.'s internal control over financial reporting and compliance.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 20, 2025

MANAGEMENT'S DISCUSSION AND ANAYLSIS

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2025

Classical Charter Schools America

June 30, 2025

Classical Charter Schools of America

Classical Charter Schools of America, formally Charter Day School, Inc., is a 501c3 nonprofit corporation that currently holds charters for four tuition-free schools which are open to all eligible children in North Carolina: Classical Charter Schools of Leland, Classical Charter Schools of Southport, Classical Charter Schools of Whiteville, and Classical Charter Schools of Wilmington.

Classical Charter Schools of America is under the direction of the Board of Trustees which is made up of active community volunteers who are responsible for the oversight and operation of the corporation.

Our Foundation: The Three Laws

Law 1— Reward good behavior,
you'll get more of it.

Law 2— Teach to mastery;
every child will learn.

Law 3— Watch the children,
if they are not learning
or behaving, you're not
following the first two laws.

School Features

- Tuition-free, open enrollment charter schools.
- 4 Campuses
  - **Classical Charter Schools of Leland**: K-8th. Picturesque, 24-acre campus in Brunswick County, just fifteen minutes from downtown Wilmington.
  - **Classical Charter Schools of Southport:** K-7th. Beautiful, 45-acre campus in Brunswick County, conveniently located off Hwy 211 between Southport and Supply.
  - **Classical Charter Schools of Whiteville**: K-8th. Scenic, 61-acre campus in Columbus County, just five minutes from downtown Whiteville.
  - **Classical Charter Schools of Wilmington**: K-5th. Located in the newly renovated, historic Peabody building in the heart of downtown Wilmington.
- Diverse student population, including 19.0% special needs, 43.5% non-white, and 51.1% economically disadvantaged students.
- Uses research-based, proven Direct Instruction teaching method.
- Proven, rigorous Classical curriculum.
- Offers Latin, Public Speaking, Debate, and Drama components.
- Accelerated learning program reviews individual student performance data to promote qualifying students to advanced studies on a subject-by-subject basis.
- Prioritizes the use of positive reinforcement in teaching and classroom management.
- Year-round schedule provides quarterly, three-week breaks for students.
- Student uniforms and professional teacher dress requirements.
- Sports programs in soccer, basketball, and baseball/softball.
- On-site educational before and after school care program.
- Varied extracurricular activities, including 35-time National Champion Cheer squads and a 9-time State Champion Archery team.
- Various clubs, in addition to signature, annual "FASTAR" and "History Bowl" academic competitions.
- Intensive new-hire training.
- Continuous teacher professional development provided by instructional support coaches and curriculum specialists, who evaluate and optimize instruction.
- Campuses ranked #1 and #3 in the country on the 2025 CLT8 high school readiness exam.
- 2024-2025 "Star School" recognition from the National Institute for Direct Instruction (NIFDI).
- 2016 recipient of the NIFDI Wesley Becker Excellent School Award.

Renaming

The Charter Day School network, anticipating further growth and heightened enrollment demands, adopted a new name reflecting the schools' unique classical curriculum and emphasis on civic virtue: Charter Day School, Inc. became Classical Charter Schools of America, Inc.

All four schools were renamed. Charter Day School became Classical Charter Schools of Leland, Columbus Charter School became Classical Charter Schools of Whiteville, Douglass Academy became Classical Charter Schools of Wilmington and South Brunswick Charter School became Classical Charter Schools of Southport. All schools will continue to be under the central control of Classical Charter Schools of America sharing the same management team and are using the same time-tested, field-proven classical curricula and instructional methods.

Academic Performance
2024-2025

Classical Charter Schools of America take part in the state-mandated standardized North Carolina End of Grade tests.

Classical Charter Schools of Leland EOG Results 2024-2025
Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Leland	66.6%	65.5%	64.0%	78.5%
Brunswick Co.	54.7%	50.4%	56.9%	63.2%
New Hanover Co.	60.2%	56.2%	65.0%	67.6%
North Carolina	55.0%	52.5%	56.7%	61.0%

Classical Charter Schools of Leland's EOG performance average of 66.6% exceeds the state average (55.0%) by 11.6 percentage points and the county average (54.7%) by 11.9 percentage points. Classical Charter Schools of Leland is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

Classical Charter Schools of Southport EOG Results 2024-2025
Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Southport	73.1%	72.5%	72.7%	76.4%
Brunswick Co.	54.7%	50.4%	56.9%	63.2%
North Carolina	55.0%	52.5%	56.7%	61.0%

Classical Charter Schools of Southport's EOG performance average of 73.1% exceeds the state average (55.0%) by 18.1 percentage points and the county average (54.7%) by 18.4 percentage points. Classical Charter Schools of Southport is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

Classical Charter Schools of Whiteville EOG Results 2024-2025

Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Whiteville	46.7%	47.7%	44.2%	51.3%
Columbus Co.	43.1%	43.1%	42.3%	47.9%
Bladen Co.	38.8%	35.4%	36.3%	43.8%
Roberson Co.	37.5%	32.4%	37.7%	41.6%
North Carolina	55.0%	52.5%	56.7%	61.0%

Classical Charter Schools of Whiteville's performance average exceeded Bladen County and Robeson County performance averages. The Bladen County and Robeson County districts are included in this comparison, as their students make up approximately 50% of the students at Classical Charter Schools of Whiteville.

Classical Charter Schools of Whiteville's EOG performance average is 46.7%, which exceeds the Columbus, Bladen, and Robeson districts' performance averages, which are 43.1%, 38.3%, and 37.5% respectively. The state performance average is 55.0%. Classical Charter Schools of Whiteville is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

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Classical Charter Schools of Wilmington EOG Results 2024-2025

Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Wilmington	44.9%	50.0%	42.6%	36.8%
Snipes Academy	35.3%	22.9%	40.9%	55.2%
Freeman School	14.9%	11.3%	14.8%	25.6%
D.C. Virgo *Lab School*	10.2%	16.5%	>5.0%	16.1%
New Hanover Co.	60.2%	56.2%	65.0%	67.6%
North Carolina	55.0%	52.5%	56.7%	61.0%

Classical Charter Schools of Wilmington's achievement score of tests passed, including a large number of transfer students, is 44.9% on the Common Core End-Of-Grade tests.

For comparison, the three neighboring elementary schools—Rachel Freeman, Snipes Academy, and D.C. Virgo—reveal that 14.9%, 35.3%, and 10.2% of tests were passed, respectively.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2025

As management of Classical Charter Schools of America, we offer readers of Classical Charter Schools of America's audited financial statements this narrative overview and analysis of the financial activities of Classical Charter Schools of America for the fiscal year ended June 30, 2025. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

Classical Charter Schools of America has four replicate charter schools. The following financial highlights are reflective of Classical Charter Schools of America.

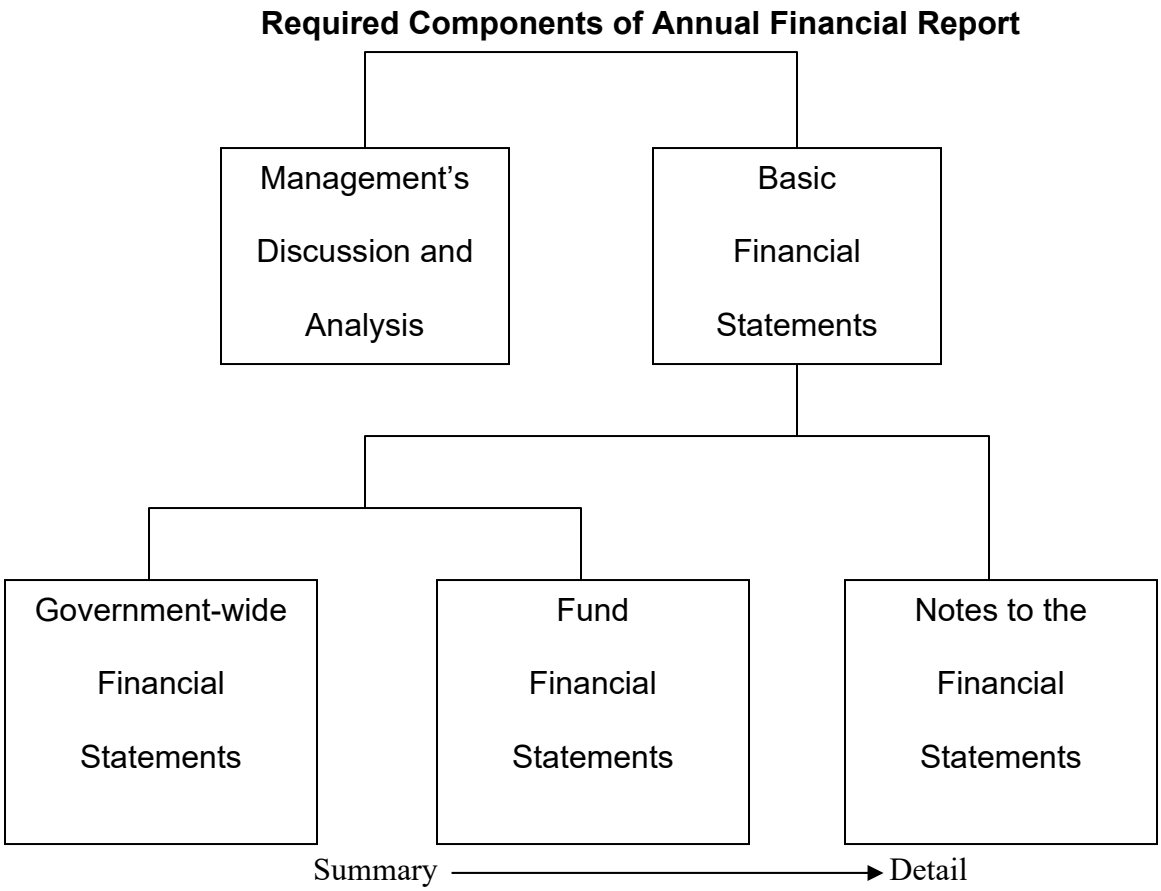
- On December 17th, 2020, Classical Charter Schools of America issued and sold $37,055,000 of "Public Finance Authority Educational Facilities Revenue Bonds" with B.C. Ziegler and Company as the Underwriter. The proceeds of these Series 2020 bonds were used to: (a) finance the acquisition of certain land and charter educational facilities in Brunswick County (Classical Charter Schools of Leland) and Columbus County (Classical Charter Schools of Whiteville); (b) refinance the long-term debt held by First Bank that was used to build the elementary school in South Brunswick (Classical Charter Schools of Southport); (c) finance future capital projects at the Leland, Whiteville and Southport campuses; (d) fund a debt service reserve fund for the Series 2020 Bonds; and (e) pay for the costs of issuance of the Series 2020 Bonds.
- Cumulatively, the Classical Charter Schools of America family of charter schools experienced an enrollment decrease of 3.7% from the 2023 - 2024 academic year to the 2024 – 2025 academic year, with an enrollment decrease from 2,590 students to 2,495 students. The Classical Charter Schools of America family of charter schools had an increase in its student enrollment at all four schools for the 2025 – 2026 school year by 31 students, a 1.2% increase.
    - ***Classical Charter Schools of Leland*** enrollment decreased 26 students with the 2024 - 2025 school year enrollment of 942 students. Enrollment for the 2025 - 2026 school year increased by 18 students for a total of 960.
    - ***Classical Charter Schools of Southport*** decreased 38 students with the 2024 – 2025 school year enrollment of 570 students. Enrollment for the 2025 - 2026 school year decreased by 2 students for a total of 568.
    - ***Classical Charter Schools of Whiteville*** enrollment decreased 36 students with the 2024 - 2025 school year enrollment of 847 students. Enrollment for the 2025 – 2026 school year increased by 20 students for a total of 867.
    - ***Classical Charter Schools of Wilmington*** enrollment increased 5 students with the 2024 - 2025 school year enrollment of 136 students. Enrollment for the 2025 – 2026 school year decreased by 5 students for a total of 131.
- The assets of Classical Charter Schools of America exceeded its liabilities at the close of the fiscal year by $13,720,206 (net position).

- The company's total net position increased by $513,663, due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, Classical Charter Schools of America's governmental funds reported combined ending fund balances of $12,270,737, an increase of $3,546,119 in comparison with the prior year due to fixed assets increasing.
- As of the close of the current fiscal year, Classical Charter Schools of America fixed assets net of depreciation were $41,185,560, a decrease of $1,344,834 in comparison with the prior year's $42,530,394. The fixed assets decrease was mostly due to depreciation with very few capital asset additions.
- Per-pupil revenue from governmental sources for the 2024 - 2025 year was $11,965, compared to $12,797 in 2023 - 2024.
- Classical Charter Schools of America has long-term debt of $38,657,502 of which $577,627 is due within one year. Classical Charter Schools of America received a "Payroll Protection Program" loan of $1,619,600 in April 2020, this loan was forgiven in February 2021.
- In March of 2023, Classical Charter Schools of America filed for an Employee Retention Credit and was approved for $1,626,619 for the four campuses. As of June 30, 2025, these funds were received.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Classical Charter Schools of America's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the company through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Classical Charter Schools of America.

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the company's governmental fund statements. These statements are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the company's net assets and how they have changed. Net assets equal the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the company's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the company charges its students and other customers. Classical Charter Schools of America participates in no business-type activities.

The government-wide financial statements are enumerated in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Classical Charter Schools of America uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements where and when applicable. All of the funds of Classical Charter Schools of America can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the company's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and a governmental fund is described in the reconciliation, which is an integral part of the fund financial statements.

Although not compelled or required to do so by federal, state, or local law, Classical Charter Schools of America has elected to adopt an annual budget. Since the budget is not required by law, the

budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules following the notes. The budget incorporates input from the management and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget and whether or not the School has succeeded in providing the services at the costs as originally planned.

Proprietary Funds – Classical Charter Schools of America has proprietary funds, which are enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The assets of Classical Charter Schools of America exceeded liabilities by $13,720,206 as of June 30, 2025. As of June 30, 2024, the net position of Classical Charter Schools of America stood at $13,206,543. The School's net position increased by $513,663 for the fiscal year ended June 30, 2025. Classical Charter Schools of America has funds of $3,138,541 restricted for debt service and $8,631,234 of unrestricted funds.

Figure 2
Classical Charter Schools of America's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$8,369,522	$8,141,105	$236,948	$301,129	$8,606,470	$8,442,234
Restricted cash	3,138,541	2,944,578	0	0	3,138,541	2,944,578
Due from other governments	1,077,680	344,235	0	0	1,077,680	344,235
Capital assets, net of depreciation	41,175,327	42,515,161	10,233	15,233	41,185,560	42,530,394
Total assets	53,761,070	53,945,079	247,181	316,362	54,008,251	54,261,441
Other liabilities	1,052,916	1,196,554	0	70,588	1,052,916	1,267,142
Payroll protection program	0	0	0	0	0	0
Long-term Debt	39,235,129	39,787,756	0	0	39,235,129	39,787,756
Total liabilities	40,288,045	40,984,310	0	70,588	40,288,045	41,054,898
Invested in capital assets, net of related debt	1,940,198	2,727,405	10,233	15,233	1,950,431	2,742,638
Restricted for debt service	3,138,541	2,944,578	0	0	3,138,541	2,944,578
Unrestricted	8,394,286	7,288,786	236,948	230,541	8,631,234	7,519,327
Total net assets	$13,473,025	$12,960,769	$247,181	$245,774	$13,720,206	$13,206,543

Several aspects of the company's financial operations positively influenced the total unrestricted governmental net assets:

- The company adopted an annual budget. The performance of each of the 4 schools was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

- The company applied for and was awarded several federal grants to assist with meeting the educational needs of the student population.

- The company purchased the land and buildings on the Leland campus and the Whiteville campus with some of the bond's proceeds. This transition allowed those two schools to reduce their rental expenses and overall expenses.

- The company was able to pay off the long-term debt associated with the Southport campus with some of the bond's proceeds. This helped reduce their debt service expenses.

Figure 3
Classical Charter Schools of America's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Other Revenues	$1,189,316	$2,676,978	$0	$0	$1,189,316	$2,676,978
Charges for services	0	0	33,817	49,467	33,817	49,467
Operating Grants and Contributions	1,750,511	4,142,344	656,969	767,026	2,407,480	4,909,370
County, State, and Federal Funds	26,366,075	23,152,564	0	0	26,366,075	23,152,564
Total revenues	29,305,902	29,971,886	690,786	816,493	29,996,688	30,788,379
Instructional Programs	17,402,882	15,839,456	756,784	814,386	18,159,666	16,653,842
Support services	9,702,391	9,922,911	0	0	9,702,391	9,922,911
Ancillary services	0	0	0	0	0	0
Interest on short-term debt	1,688,373	1,709,985	0	0	1,688,373	1,709,985
Total expenses	28,793,646	27,472,352	756,784	814,386	29,550,430	28,286,738
Increase (Decrease) in net assets before transfers	512,256	2,499,534	(65,998)	2,107	446,258	2,501,641
Transfers	0	406,538	0	(39,538)	0	367,000
PPP loan forgiveness	0	0	0	0	0	0
Increase (Decrease) in net assets	512,256	2,906,072	(65,998)	(37,431)	446,258	2,868,641
Net assets, July 1	12,960,769	10,054,697	528,979	566,410	13,489,748	10,621,107
Net assets, June 30	$13,473,025	$12,960,769	$462,981	$528,979	$13,936,006	$13,489,748

Governmental activities. Governmental activities increased the company's net assets by $446,258.

Business-type activities. Classical Charter Schools of America operated business-type activities during the year.

Financial Analysis of the School's Funds

As noted earlier, Classical Charter Schools of America uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Classical Charter Schools of America's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Classical Charter Schools of America's financing requirements. Specifically, unrestricted fund balance can be a useful measure of the company's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund for all four schools operated by Classical Charter Schools of America. At the end of the current fiscal year, unrestricted fund balance of the General Fund was $8,631,234.

Proprietary Funds. Classical Charter Schools of America has proprietary funds, which are enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

Capital Asset and Debt Administration

Capital assets. Classical Charter Schools of America's investment in capital assets for its governmental and business–type activities as of June 30, 2025, totals $41,185,560 (net of accumulated depreciation). Capital assets include textbooks, playground equipment, and computers. There were capital asset purchases during the year for equipment.

Figure 4
Classical Charter Schools of America's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land / land improvements	$3,094,460	$3,094,460	$0	$0	$3,094,460	$3,094,460
Construction work-in-progress	417,502	417,502	0	0	417,502	417,502
Land improvements	13,359,376	13,341,011	0	0	13,359,376	13,341,012
Buildings / building improvements	23,058,829	24,205,017	0	0	23,058,829	24,205,017
Leasehold improvements	0	0	0	0	0	0
Equipment / computers / playground equipment	697,557	730,735	10,233	15,233	707,789	745,968
Vehicles	547,604	723,345	0	0	547,604	723,345
Textbooks	0	3,090	0	0	0	3,090
Total	$41,175,328	$42,515,160	$10,233	$15,233	$41,185,560	$42,530,394

Additional information about the School's capital assets can be found in Note III.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, Classical Charter Schools of America had outstanding debt of $38,657,502, of which $577,627 was due within a year. As of June 30, 2024, long-term debt was $39,235,129.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the schools:

- The schools operated with substantially lower amounts (nearly 30% less) of per-pupil funding that that received by surrounding district students, in addition to receiving zero capital funds, unlike traditional public schools. Because the School receives no capital funding, it must pay rent out of its operating revenue.

- Due to statutory enrollment limits, some of the schools were obligated to hold a random lottery in February 2024, and not all of the applicants were admitted for the upcoming year.
- The four schools received donations of $440,499 during the 2024 - 2025 school year.
- Classical Charter Schools of Wilmington provides food services, both breakfast and lunch, to all students. The school also provides school transportation for all students.
- Classical Charter Schools of Whiteville provides food service, both breakfast and lunch, to all students. The school also provides school transportation for students from Lumberton and other distant communities.
- Competitive salary increases effective for the 2024 - 2025 school year increased all school's expenditures but were partially offset by state revenue increases.
- Expenditures budgeted for Administrative Services increased in 2024 - 2025 due to providing enhanced teacher professional development through instructional support coaches and curriculum specialists, who evaluate and optimize instruction.
- With the lifting of the "Charter School Cap," it is important for all 4 schools to maintain its unrestricted funds surplus since there is possible impact with other competing charter schools.

As in past years, such factors evidence the demand on the School by the parents and community that will require additional financing in future years. As specified in the charter application, Classical Charter Schools of America intends to continue expansion and replication in nearby counties to try and meet the local demands subject to constraints on the available land and on available financing. It was partially for this reason that the fund balance was substantially increased this year.

Careful management of the School's financial resources and building relationships with possible new major donors will continue as in the past; however, there is no guarantee that future financing will be available or that any major donors can be found to fund continued expansion.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Mr. Mark Dudeck, Treasurer, Classical Charter Schools of America, 7055 Bacon's Way Leland, North Carolina 28451, (910) 655-3600.

Exhibit 1

Classical Charter Schools of America, Inc.
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Cash and cash equivalents	$ 7,892,496	$ 162,020	$ 8,054,516
Restricted cash	3,138,541	-	3,138,541
Due from other governments	1,077,680	-	1,077,680
Accounts receivable - trade	155,210	-	155,210
Prepaid expenses	321,816	74,928	396,744
Security deposits	-	-	-
Capital assets:			
Land, improvements, and construction in progress	3,504,907	-	3,504,907
Other capital assets, net of depreciation	37,670,420	10,233	37,680,653
Total capital assets	41,175,327	10,233	41,185,560
Total assets	53,761,070	247,181	54,008,251
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Accounts payable - trade	1,052,916	-	1,052,916
Advance from LLC	-	-	-
Long-term liabilities:			
Compensated absences	-	-	-
Due within one year	577,627	-	577,627
Due in more than one year	38,657,502	-	38,657,502
Total liabilities	40,288,045	-	40,288,045
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	1,940,198	10,233	1,950,431
Restricted for debt service	3,138,541	-	3,138,541
Unrestricted	8,394,286	236,948	8,631,234
Total net position	$ 13,473,025	$ 247,181	$ 13,720,206

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

Classical Charter Schools of America, Inc.
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in N	
					Primary Government	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**
Primary government:						
Governmental Activities:						
Instructional programs	$ 19,108,393	$ -	$ 1,705,511	$ -	$ (17,402,882)	$ -
Athletics, arts and clubs	48,559	-	-	-	(48,559)	-
Support services	9,651,916	-	-	-	(9,651,916)	-
Community services	1,916	-	-	-	(1,916)	-
Interest on debt	1,688,373	-	-	-	(1,688,373)	-
Total governmental activites	30,499,157	-	1,705,511	-	(28,793,646)	-
Business-type activities:						
School lunch fund	746,952	67,405	656,969	-	-	(22,578)
Before and after school fund	9,832	33,817	-	-	-	23,985
Total business-type activities	756,784	101,222	656,969	-	-	1,407
Total primary government	$ 31,255,941	$ 101,222	$ 2,362,480	$ -	(28,793,646)	1,407

General revenues:		
Unrestricted county appropriations	6,620,637	-
Unrestricted State appropriations	21,495,949	-
Unrestricted Federal appropriations	-	-
Unrestricted fines and forfeitures	28,244	-
Donations - general	440,499	-
Rental income	-	-
Miscellaneous, unrestricted	720,573	-
Transfers	-	-
Total general revenues, special items, and transfers	29,305,902	-
Change in net position	512,256	1,407
Net position-beginning, previously reported	12,960,769	245,774
Net position-ending	$ 13,473,025	$ 247,181

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

Exhibit 3

Classical Charter Schools of America, Inc.
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Major Special Revenue Funds: Classical Charter Schools of Leland	Classical Charter Schools of Whiteville	Classical Charter Schools of Southport	Classical Charter Schools of Wilmington	Elminiations	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 4,922,036	$ 1,403,812	$ 1,061,493	$ 505,155	$ -	$ 7,892,496
Restricted cash	-	761,841	1,187,790	1,188,910	-	-	3,138,541
Due from other governments	-	437,135	202,254	361,230	77,061	-	1,077,680
Accounts receivable - other	-	9,070	25,492	83,077	37,571	-	155,210
Prepaid items	-	158,919	77,688	75,716	9,493	-	321,816
Due from Classical Charter Southport	1,930,000	-	-	-	-	(1,930,000)	-
Due from LLC	-	-	-	-	-	-	-
Due from Classical Charter Wilmington	510,000	-	-	-	-	(510,000)	-
Total assets	2,440,000	6,289,001	2,897,036	2,770,426	629,280	(2,440,000)	12,585,743
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable - trade	-	505,683	221,803	275,712	49,718	-	1,052,916
Due to LLC	-	-	-	-	-	-	-
Total liabilities	-	505,683	221,803	275,712	49,718	-	1,052,916
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-
Fund balances:							
Nonspendable: prepaids	-	158,919	245,188	252,216	9,493	-	665,816
Restricted for debt service	-	761,841	1,187,790	1,188,910	-	-	3,138,541
Unassigned	2,440,000	4,862,558	1,242,255	1,053,588	570,069	(2,440,000)	7,728,470
Total fund balances	2,440,000	5,783,318	2,675,233	2,494,714	579,562	(2,440,000)	11,532,827
Total liabilities, deferred inflows of resources, and funds balances	$ 2,440,000	$ 6,289,001	$ 2,897,036	$ 2,770,426	$ 629,280	$ (2,440,000)	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,175,327
Deferred outflows of resources related to pensions	-
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	-
Long term notes payable	(39,235,129)
Compensated absences	-
Net position of governmental activities	$ 13,473,025

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

Exhibit 4

Classical Charter Schools of America, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Major Special Revenue Funds					
	General Fund	**Classical Charter Schools of Leland**	**Classical Charter Schools of Whiteville**	**Classical Charter Schools of Southport**	**Classical Charter Schools of Wilmington**	**Eliminations**	**Total Governmental Funds**
Revenues							
State of North Carolina	$ -	$ 7,371,824	$ 8,400,141	$ 4,595,632	$ 1,128,352	$ -	$ 21,495,949
Local education agencies	-	3,107,000	835,564	2,170,668	507,405	-	6,620,637
U.S. Government	-	485,410	757,848	338,657	123,596	-	1,705,511
Fines and forfeitures	-	23,272	2,617	2,338	17	-	28,244
Contributions and donations	-	149,168	107,101	73,200	111,030	-	440,499
Rental Income	-	811,170	676,050	766,190	-	(2,253,410)	-
Other	-	343,817	188,452	150,541	37,763	-	720,573
Total revenues	-	12,291,661	10,967,773	8,097,226	1,908,163	(2,253,410)	31,011,413
EXPENDITURES							
Current:							
Instructional programs	-	6,793,206	5,922,919	4,081,357	1,219,544	-	18,017,026
Athletics, arts and clubs	-	17,148	14,628	16,783	-	-	48,559
Support services	-	4,065,996	4,006,357	2,866,538	602,645	(2,253,410)	9,288,126
Community services	-	237	-	-	1,679	-	1,916
Capital outlay:	-	98,262	10,561	6,500	-	-	115,323
Debt service:		-	-	-	-	-	
Principal	-	171,600	118,800	149,600	-	-	440,000
Interest and other charges	-	702,390	486,270	612,340	-	-	1,801,000
Total expenditures	-	11,848,839	10,559,535	7,733,118	1,823,868	(2,253,410)	29,711,950
Excess (deficiency) of revenues over expenditures	-	442,822	408,238	364,108	84,295	-	1,299,463
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	-	-	-	-	-	-	-
Proceeds from debt	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	-	442,822	408,238	364,108	84,295	-	1,299,463
Fund balances-beginning, previous	2,440,000	5,340,496	2,266,995	2,130,606	495,267	(2,440,000)	10,233,364
Fund balances-ending	$ 2,440,000	$ 5,783,318	$ 2,675,233	$ 2,494,714	$ 579,562	$ (2,440,000)	$ 11,532,827

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

Exhibit 5

Classical Charter Schools of America, Inc.
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statements of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	$	1,299,463
Change in fund balance due to change in reserve for inventory		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(1,339,834)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		552,627
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 governmental funds.		
Pension expense		-
Compensated absences		-
Rounding adjustment		-
Total changes in net position of governmental activities	$	512,256

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

Exhibit 6

Classical Charter Schools of America, Inc.
Statement of Net Position
Proprietary Funds
June 30, 2025

	Major Enterprise Funds		
	Classical Charter Schools of Whiteville	Classical Charter Schools of Wilmington	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 65,386	$ 96,634	$ 162,020
Cash - restricted debt service fund	-	-	-
Prepaids	70,884	4,044	74,928
Inventories	-	-	-
Total current assets	136,270	100,678	236,948
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Other capital assets, net of depreciation	10,233	-	10,233
Total noncurrent assets	10,233	-	10,233
Total assets	$ 146,503	$ 100,678	$ 247,181
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable - trade	$ -	$ -	$ -
Deferred revenue	-	-	-
Total current liabilities	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET ASSETS			
Net investment in capital assets	10,233	-	10,233
Restricted for debt service	-	-	-
Unrestricted	136,270	100,678	236,948

Exhibit 7

Classical Charter Schools of America, Inc.
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Major Enterprise Funds		
	Classical Charter Schools of Whiteville	**Classical Charter Schools of Wilmington**	**Total**
OPERATING REVENUES			
Lunch sales	$ 67,405	$ -	$ 67,405
Before and after school care	-	33,817	33,817
Total operating revenues	67,405	33,817	101,222
OPERATING EXPENSES			
Salary and related costs	51,433	14,258	65,691
Supplies and materials	4,110	9,820	13,930
Contracted services	579,478	91,990	671,468
Food purchases	224	471	695
Interest expense	-	-	-
Amortization	-	-	-
Small equipment	-	-	-
Depreciation expense	5,000	-	5,000
Total operating expenses	640,245	116,539	756,784
Operating income (loss)	(572,840)	(82,722)	(655,562)
NONOPERATING REVENUES (EXPENSES)			
Federal reimbursements	568,825	88,144	656,969
Total nonoperating revenue (expenses)	568,825	88,144	656,969
Income (loss) before contributions and transfers	(4,015)	5,422	1,407
Capital contributions	-	-	-
Transfers (to) from other funds	-	-	-
Change in net position	(4,015)	5,422	1,407
Total net position - beginning	150,518	95,256	245,774
Total net position - ending	$ 146,503	$ 100,678	$ 247,181

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

Exhibit 8

Classical Charter Schools of America, Inc.
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Major Enterprise Funds		
	Classical Charter Schools of Whiteville	Classical Charter Schools of Wilmington	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 67,405	$ 33,817	$ 101,222
Cash paid to employees for services	(51,433)	(14,258)	(65,691)
Cash paid for goods and services	(654,400)	(102,281)	(756,681)
Net cash provided (used) by operating activities	(638,428)	(82,722)	(721,150)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	497,941	90,156	588,097
Transfer (to) from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	497,941	90,156	588,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on bonds	-	-	-
Proceeds from bonds	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing	-	-	-
Net increase (decrease) in cash and cash equivalents	(140,487)	7,434	(133,053)
Balances-beginning of the year	205,873	89,200	295,073
Balances-end of the year	$ 65,386	$ 96,634	$ 162,020
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ (572,840)	$ (82,722)	$ (655,562)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	5,000	-	5,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivble	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(70,588)	-	(70,588)
Increase (decrease) in deferred inflows of resources	-	-	-
Total adjustments	(65,588)	-	(65,588)
Net cash provided (used) by operating activities	$ (638,428)	$ (82,722)	$ (721,150)

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

Classical Charter Schools of America, Inc., North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

I. Summary of Significant Accounting Policies

The accounting policies of the Classical Charter Schools of America, Inc. (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Because of the authority of the State Board of Education (SBE) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C218.95 with all net assets purchased with the public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Classical Charter Schools of America, Inc. is a North Carolina non-profit corporation incorporated in August 1999. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Classical Charter Schools of America, Inc. has been approved to operate four charter schools: Classical Charter Schools of Leland, Classical Charter Schools of Whiteville, Classical Charter Schools of Southport and Classical Charter Schools of Wilmington (collectively, the "Schools"). The Schools are public schools with Classical Charter Schools of Leland serving approximately 950 students, Classical Charter Schools of Whiteville serving approximately 847 students, Classical Charter Schools of Southport serving approximately 571 students and Classical Charter Schools of Wilmington serving approximately 139 students. Each School operates under a separate charter agreement applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) and authorized by the State Board of Education ("SBE"). The SBE has the authority to terminate, not renew or seek applicants to assume a charter on ground set out at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100). The current charters are effective until June 30, 2025 for Classical Charter Schools of Leland, June 30, 2027 for Classical Charter Schools of Whiteville, June 30, 2029 for Classical Charter Schools of Southport and June 30, 2026 for Classical Charter Schools of Wilmington. Charters may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charters will be renewed in the ordinary course of business.

Classical Charter Schools of America, Inc. has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501 (a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Leland Charter, LLC, Columbus Charter, LLC, and Southport Charter Campus, LLC were formed on October 7, 2020. The LLCs were created primarily as a vehicle to finance and own real estate and school facilities utilized by the Schools. GASB Statement No. 61, The Financial Reporting Entity: Omnibus, requires blending when 1) component unit provides services entirely, or almost entirely, to the primary government, or 2) a component unit's total debt outstanding, including leases, is expected to be repaid entirely, or almost entirely, with resources of the primary government. The LLCs meet each of the two previously described criteria. The LLCs are reported as capital outlay funds in the School's financial statements.

B. Basis of Presentation

Classical Charter Schools of America, Inc.'s financial statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and required by G.S. 115C-447 of The School Budget and Fiscal Control Act (the "SBFCA"). G.S. 115C-218.6(b)(1) provides that a charter school shall be subject to the audit requirements adopted by the SBE which include audit requirements established by G.S. 115C-47.

In accordance with GASB Statements No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (GASB 34), Classical Charter Schools of America, Inc. is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the Schools. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through inter-governmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Classical Charter Schools of America, Inc. reports the following major governmental funds:

> *General Fund.* The General Fund is the general operating fund of The School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.
>
> *Special Revenue Funds.* Each School's funds include appropriations from the county, the State Department of Public Instruction, the federal government and others. There are subfunds within each special revenue fund including:

County and Other Subfund. The County and Other Subfund includes appropriations form various countries and other support of The School's programs.

State Public School Subfund. The State Public School Subfund includes appropriations form the Department of Public Instruction for specific operating needs of the public school system.

Federal Grants Subfund. The Federal Grants Subfund includes appropriations of federal grants received for specific operating or capital purposes.

Capital Outlay Subfund. The Capital Outlay Subfund includes the operating activity of the LLCs associated with the Schools.

The School reports the following major enterprise funds:

Enterprise Funds. Classical Charter Schools of Whiteville and Classical Charter Schools of Wilmington enterprise funds account for the school food service and before and after school activities.

Before and After School Care Fund. The Before and After School Care Fund is used to account for the before and after school activities conducted by the School.

School Lunch Fund. The School Lunch Fund is used to account for the food service program within the school system.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statement. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D. Budgetary Data

Annual budgets are adopted for all funds on a government-wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the various Schools at June 30, 2025. All appropriations lapse at year end.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. Deposits and Investments

All deposits of the Schools are made in a local bank, whose accounts are FDIC insured. Also, the Schools have established time deposit accounts such as money market accounts.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Cash

Certain amounts of cash are restricted for future debt service and unspent bond funds.

4. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

5. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Schools to capitalize all capital assets costing more than $5,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	Years
Building	39
Building improvements	39
Textbooks	5
Playground equipment	7
Equipment	3
Computers	5
Vehicles	7

6. Deferred outflows/inflows of resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet the criterion for this category for the current fiscal year. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet the criterion for this category.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statements of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

8. Compensated Absences

Employees on a 10-month work schedule earn twelve days of paid time off each year. Employees on an 11-month work schedule earn twelve to fifteen days of paid time off each year depending on their years of service. Employees on a 12-month work schedule earn twelve to twenty-five days of paid time off each year depending on their years of service. A maximum of eight paid days may be carried forward to the next year if unused. Since the Schools have no obligation for paid time off; no paid time off accrual has been made.

9. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

> Inventories- portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.
>
> Prepaid Items- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid rent on the school facility which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote of The School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – Portion of fund balance the Classical Charter Schools of America, Inc. intends to use for specific purposes.

> Assigned for Clubs and Activities Fund – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they are collected.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

Classical Charter Schools of America, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Schools.

10. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of $1,940,198 consists of several elements as follows:

DESCRIPTION	AMOUNT
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column.)	$ 46,357,288
Less accumulated depreciation	(5,181,961)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds payable	(39,235,129)
Total adjustment	$ 1,940,198

F. Revenues, Expenditures, and Expenses

1. Funding

The Schools are funded by the SBE, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Brunswick County, Columbus County and New Hanover County Boards of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. [G.S. 115C-218.105(b)] Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2025, the Schools received funding from the Boards of Education for Bladen, Brunswick, Columbus, Cumberland, Duplin, New Hanover, Pender, Robeson and Whiteville counties.

Furthermore, Classical Charter Schools of America, Inc. and the Schools have received donations of cash and/or equipment from individuals and private organizations. The cash has been used for general fund activities.

2. Reconciliation Between Government-Wide and Fund Statements

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of ($787,207) between the two amounts consists of the following elements:

DESCRIPTION	AMOUNT
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the Statement of Activities.	$ 115,323
Depreciation expense that is recorded on the Statement of Activities but not in the fund statements.	(1,455,157)
New debt issued during the year is recorded as a source of funds on the fund statements but has no effect on the Statement of Activities, only the Statement of Net Assets.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide statements.	552,627
Total	$ (787,207)

G. Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

B. Deficit Fund Balance or Net position of Individual Funds

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2025, The School had deposits with banks and savings and loans with a carrying amount of $8,054,516. The bank balances with financial institutions totaled $1,305,005, of which $1,003,030 was covered by the FDIC at June 30, 2025. The remaining $301,975 is a credit risk at June 30, 2025. The remaining $6,749,529 was held in brokerage accounts covered by SITC protecting services up to $500,000 per account with an additional insurance policy to increase coverage up to $50,000,000 for the entire amount held by Schwab leaving no risk to the company. The School invests excess funds overnight in U.S. government securities in accordance with its deposit policy for custodial credit risk. The School also has restricted bond funds of $3,138,541 at June 30, 2025.

3. Capital Assets

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

Governmental activities:	Beginning	Increases	Decreases	Ending
Classical Charter Schools of Leland				
Capital assets not being depreciated:				
Construction in progress	$ 79,072	$ -	$ -	$ 79,072
Capital assets being depreciated:				
Building improvements	202,623	54,324	-	256,947
Land improvements	7,055	-	-	7,055
Equipment	198,109	43,938	-	242,047
Vehicles	13,115	-	-	13,115
Total capital assets being depreciated	420,902	98,262	-	519,164
Less accumulated depreciation for:				
Building improvements	13,176	27,690	-	40,866
Land improvements	-	-	-	-
Equipment	15,957	28,852	-	44,809
Vehicles	1,985	1,303	-	3,288
Total accumulated depreciation	31,118	$ 57,845	$ -	88,963
Capital assets being depreciated, net	389,784			430,201
Governmental activities capital assets, net	$ 468,856			$ 509,273

Governmental activities:	Beginning	Increases	Decreases	Ending
Classical Charter Schools of Southport				
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Capital assets being depreciated:				
Leasehold improvements	91,284	-	-	91,284
Vehicles	11,396	-	-	11,396
Equipment	120,444	6,500	-	126,944
Total capital assets being depreciated	223,124	6,500	-	229,624
Less accumulated depreciation for:				
Leasehold improvements	6,487	6,086	-	12,573
Vehicles	5,698	1,628	-	7,326
Equipment	14,129	16,136	-	30,265
Total accumulated depreciation	26,314	$ 23,850	$ -	50,164
Capital assets being depreciated, net	196,810			179,460
Governmental activities capital assets, net	$ 196,810			$ 179,460

Governmental activities:	Beginning	Increases	Decreases	Ending
Classical Charter Schools of Whiteville				
Capital assets not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Capital assets being depreciated:				
Building improvements	1,090,819	-	-	1,090,819
Equipment	228,446	10,561	-	239,007
Vehicles	611,572	-	-	611,572
Total capital assets being depreciated	1,930,837	10,561	-	1,941,398
Less accumulated depreciation for:				
Building improvements	107,536	114,307	-	221,843
Equipment	61,847	31,735	-	93,582
Vehicles	159,262	87,367	-	246,629
Total accumulated depreciation	328,645	$ 233,409	$ -	562,054
Capital assets being depreciated, net	1,602,192			1,379,344
Governmental activities capital assets, net	$ 1,602,192			$ 1,379,344

Business-type activities:	Beginning	Increases	Decreases	Ending
Classical Charter Schools of Whiteville				
Capital assets being depreciated:				
Nutrition equipment	$ 25,000	$ -	$ -	$ 25,000
Total capital assets being depreciated	25,000	-	-	25,000
Less accumulated depreciation for:				
Nutrition equipment	9,767	5,000	-	14,767
Total accumulated depreciation	9,767	$ 5,000	$ -	14,767
Capital assets being depreciated, net	15,233			10,233
Governmental activities capital assets, net	$ 15,233			$ 10,233

Governmental activities:	Beginning	Increases	Decreases	Ending
Classical Charter Schools of Wilmington				
Capital assets not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Capital assets being depreciated:				
Leasehold improvements	523,107	-	-	523,107
Textbooks	65,416	-	-	65,416
Vehicles	96,252	-	-	96,252
Equipment	234,971	-	-	234,971
Total capital assets being depreciated	919,746	-	-	919,746
Less accumulated depreciation for:				
Leasehold improvements	160,315	21,616	-	181,931
Textbooks	65,416	-	-	65,416
Vehicles	96,252	-	-	96,252
Equipment	20,517	25,111	-	45,628
Total accumulated depreciation	342,500	$ 46,727	$ -	389,227
Capital assets being depreciated, net	577,246			530,519
Governmental activities capital assets, net	$ 577,246			$ 530,519

Governmental activities:	Beginning	Increases	Decreases	Ending
Southport Charter, LLC				
Capital assets not being depreciated:				
Land	$ 328,714	$ -	$ -	$ 328,714
Construction in progress	-	-	-	-
Land improvements	2,161,387	-	-	2,161,387
Total capital assets not being depreciate	2,490,101	-	-	2,490,101
Capital assets being depreciated:				
Buildings	10,247,336	-	-	10,247,336
Building improvements	1,945,902	-	-	1,945,902
Equipment	31,919	-	-	31,919
Textbooks	15,450	-	-	15,450
Total capital assets being depreciated	12,240,607	-	-	12,240,607
Less accumulated depreciation for:				
Buildings	406,729	262,752	-	669,481
Building improvements	199,803	51,125	-	250,928
Equipment	2,899	4,560	-	7,459
Textbooks	12,360	3,090	-	15,450
Total accumulated depreciation	621,791	$ 321,527	$ -	943,318
Capital assets being depreciated, net	11,618,816			11,297,289
Governmental activities capital assets, net	$ 14,108,917			$ 13,787,390

Governmental activities:	Beginning	Increases	Decreases	Ending
Leland Charter, LLC				
Capital assets not being depreciated:				
Land	$ 191,306	$ -	$ -	$ 191,306
Construction in progress	-	-	-	-
Total capital assets not being depreciate	191,306	-	-	191,306
Capital assets being depreciated:				
Buildings	6,167,576	-	-	6,167,576
Building improvements	9,612,064	-	-	9,612,064
Equipment	83,522	-	-	83,522
Vehicles	184,176	-	-	184,176
Total capital assets being depreciated	16,047,338	-	-	16,047,338
Less accumulated depreciation for:				
Buildings	579,088	158,143	-	737,231
Building improvements	404,432	246,463	-	650,895
Equipment	55,306	10,006	-	65,312
Vehicles	107,377	26,311	-	133,688
Total accumulated depreciation	1,146,203	$ 440,923	$ -	1,587,126
Capital assets being depreciated, net	14,901,135			14,460,212
Governmental activities capital assets, net	$ 15,092,441			$ 14,651,518

Governmental activities:	Beginning	Increases	Decreases	Ending
Columbus Charter, LLC				
Capital assets not being depreciated:				
Land	$ 405,998	$ -	$ -	$ 405,998
Construction in progress	338,430	-	-	338,430
Total capital assets not being depreciate	744,428	-	-	744,428
Capital assets being depreciated:				
Buildings	6,875,849	-	-	6,875,849
Building improvements	3,644,151	-	-	3,644,151
Equipment	20,577	-	-	20,577
Vehicles	413,927	-	-	413,927
Total capital assets being depreciated	10,954,504	-	-	10,954,504
Less accumulated depreciation for:				
Buildings	642,289	176,304	-	818,593
Building improvements	334,827	93,440	-	428,267
Equipment	16,598	2,000	-	18,598
Vehicles	236,519	59,132	-	295,651
Total accumulated depreciation	1,230,233	$ 330,876	$ -	1,561,109
Capital assets being depreciated, net	9,724,271			9,393,395
Governmental activities capital assets, net	$ 10,468,699			$ 10,137,823

Depreciation expense charged to governmental functions totaled $1,455,157 as follows:

Classical Charter Schools of Leland	
Instructional programs	$ 43,384
Supporting services	14,461
	$ 57,845
Classical Charter Schools of Southport	
Instructional programs	$ 17,887
Supporting services	5,963
	$ 23,850
Classical Charter Schools of Whiteville	
Instructional programs	$ 175,057
Supporting services	58,352
	$ 233,409
Classical Charter Schools of Wilmington	
Instructional programs	$ 35,045
Supporting services	11,682
	$ 46,727
Southport Charter, LLC	
Instructional programs	$ 241,145
Supporting services	80,382
	$ 321,527
Leland Charter, LLC	
Instructional programs	$ 330,692
Supporting services	110,231
	$ 440,923
Columbus Charter, LLC	
Instructional programs	$ 248,157
Supporting services	82,719
	$ 330,876

B. Liabilities

1. Retirement Plan

The Schools maintained a 401(k) Retirement Plan for the benefit of its employees for fiscal year 2025. Under the plan, the School contributes an amount equal to the employees' contributions up to a limit of 3% of the employees' compensation for the calendar year. The employee may make voluntary contributions, pursuant to a salary reduction agreement of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code. Classical Charter Schools of America, Inc. made all required contributions. For the year ended June 30, 2025, the retirement cost for the 401(k) plan to the Schools was $157,676 with employees contributing $320,665.

2. 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 general liability and errors and omissions insurance coverage of $1 million per occurrence with a commercial carrier.

The School has obtained a Major Medical insurance policy for its personnel through a commercial insurer. Through the plan, permanent, full-time employees of the School are eligible to receive health care benefits.

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.

The Schools carry fidelity bond coverage in the amount of $250,000. The company that does all outsourced accounting carries fidelity bond coverage in the amount of $500,000.

3. Long-Term Obligations

a.) Notes Payable to Related Schools and Entities

Notes payable to related schools and entities and the corresponding accounts receivable balances are included on the individual school's statements of net position in the supplemental schedules to the financial statements. Notes payable and accounts receivable balances were eliminated from the combined statement of net position in the financial statements.

Classical Charter Schools of Wilmington

On July 8, 2013, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $300,000 with interest at a rate of 0.00%. The principal will be due on or before June 30, 2025 in the form of a lump sum payment. The note was obtained to assist with construction costs.

On September 13, 2013, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $100,000 with interest at a rate of 0.00%. The principal will be due on or before June 30, 2025 in the form of a lump sum payment. The note was obtained to assist with construction costs.

On April 30, 2015, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $100,000. The note was obtained to assist with facilities development.

On June 3, 2015, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $150,000. The note was obtained to assist with facilities development.

On June 24, 2015, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $85,000. The note was obtained to assist with facilities development.

The School made no principal payments during the year ended June 30, 2025. A balance of $510,000 remained due to Classical Charter Schools of America, Inc. as of year-end.

Classical Charter Schools of Southport

On May 6, 2014, Classical Charter Schools of Leland obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $100,000. The note was obtained to assist with construction costs. The note is interest free and a maturity date has not been determined.

On January 14, 2015, Classical Charter Schools of Leland obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $550,000. The note was obtained to assist with construction costs. The note is interest free and a maturity date has not been determined.

On June 25, 2015, Classical Charter Schools of Leland obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $99,000. The note was obtained to assist with construction costs. The note is interest free and a maturity date has not been determined.

On June 24, 2016, Classical Charter Schools of Leland obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $1,081,000. The note was obtained to assist with construction costs. The note is interest free and a maturity date has not been determined.

On July 19, 2017, Classical Charter Schools of Leland obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of $100,000. The note was obtained to assist with construction costs. The note is interest free and a maturity date has not been determined.

No payments were made to Classical Charter Schools of America, Inc. during the year ended June 30, 2025. A balance of $1,930,000 remained due to Classical Charter Schools of America, Inc. as of year-end.

b.) General Obligation Bonds Payable

The Public Finance Authority issued two Series 2020 bonds, as direct placement agreements, on behalf of Leland Charter, LLC, Columbus Charter, LLC and Southport Charter, LLC on December 1, 2020. The proceeds of the 2020 bonds were loaned to Leland Charter, LLC, Columbus Charter, LLC and Southport Charter, LLC for the purpose of financing the costs of acquiring, certain charter school educational facilities, paying off existing debt, supplementing the charter schools, and establishing reserves to be used in the event of default. The amount of the issuance is $40,771,703; $40,286,703 in 2020A Series and $485,000 in 2020B series bonds, and is expected to have a final maturity date of December 1, 2055. The bonds are expected to bear an interest rate of 5% and 5.25%. Rental income from the Schools will be used to repay the bonds.

	Principal	Interest	Total
For fiscal year ended June 30, 2026	$ 577,627	$ 1,948,724	$ 2,526,351
For fiscal year ended June 30, 2027	597,627	1,919,342	2,516,969
For fiscal year ended June 30, 2028	622,627	1,888,836	2,511,463
For fiscal year ended June 30, 2029	652,627	1,856,955	2,509,582
For fiscal year ended June 30, 2030	677,627	1,823,698	2,501,325
For fiscal year ended June 30, 2031 - 2035	3,853,135	8,568,396	12,421,531
For fiscal year ended June 30, 2036 - 2040	4,788,135	7,492,737	12,280,872
For fiscal year ended June 30, 2041 - 2045	5,993,135	6,151,328	12,144,463
For fiscal year ended June 30, 2046 - 2050	7,528,135	4,468,670	11,996,805
For fiscal year ended June 30, 2051 - 2055	9,513,135	2,348,761	11,861,896
For fiscal year ended June 30, 2056	4,431,319	110,783	4,542,102
Totals	$ 39,235,129	$ 38,578,230	$ 77,813,359

The Schools are required to meet a debt coverage ratio of 1.00 or above for any fiscal year, commencing with the year ending June 30, 2025 based on maximum annual lease payments and maximum annual debt service excluding bond debt service. The School is in compliance with the debt service coverage ratio. Classical Charter School of Wilmington is not part of the obligated group and is not included in this calculation.

Change in fund balance (pg 28)	$ 1,215,168
Change in fund balance (pg 31)	(4,015)
Plus: capital outlay (pgs 41-44)	115,323
Plus: interest (pg 28)	2,241,000
Current year net income available for debt payments	3,567,476
Maximum annual lease payments	2,251,500
Maximum Annual debt service (not including payments to series 2020 bonds)	-
Coverage ratio	1.58

The Schools are required to maintain enough cash on hand to operate for at least 45 days. The School is in compliance with the cash on hand requirement.

Unrestricted cash (pg 25)	$ 7,452,727
Total operating expenses (pg 26)	
Less capital outlay and depreciation	$ 27,844,179
Operating expenses divided by 365; multiplied by 45	$ 3,432,844
Surplus cash	$ 4,019,883
Days of cash on hand	98

c.) Changes in General Long-Term Obligations

The following is a summary of changes in Classical Charter Schools of America, Inc.'s long term obligations for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion
Governmental activites:					
Notes from direct borrowings and direct placements:					
Bonds payable 2020A	$ 36,240,000	$ -	$ 440,000	$ 35,800,000	$ 465,000
Bonds payable 2020B	-	-	-	-	-
Bonds payable 2020A premium	3,547,756	-	112,627	3,435,129	112,627
Total	$ 39,787,756	$ -	$ 552,627	$ 39,235,129	$ 577,627

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion
Governmental activites:					
Notes from interdivisional loans					
Classical Charter Schools of Southport	$ 1,930,000	$ -	$ -	$ 1,930,000	$ -
Classical Charter Schools of Wilmington	510,000	-	-	510,000	-
Total	$ 2,440,000	$ -	$ -	$ 2,440,000	$ -

d.) General Long-Term Obligations

The following is a summary of each LLC's long-term obligations at June 30, 2025:

	Southport Charter, LLC		Whiteville Charter, LLC		Leland Charter, LLC	
	Ending Balance	Current Portion	Ending Balance	Current Portion	Ending Balance	Current Portion
Governmental activites:						
Bonds payable 2020A	$ 12,172,000	$ 158,100	$ 10,740,000	$ 139,500	$ 12,888,000	$ 167,400
Bonds payable 2020B	-	-	-	-	-	-
Bonds payable 2020A premium	1,167,944	38,293	1,030,539	33,788	1,236,646	40,546
Total	$ 13,339,944	$ 196,393	$ 11,770,539	$ 173,288	$ 14,124,646	$ 207,946

4. Capital Lease

Capital Lease – Related Party

The Schools entered into three capital lease agreements on December 1, 2020 for facility rental form Columbus Charter, LLC, Leland Charter, LLC and Southport Charter, LLC. The lease agreements is for total payments in principal and interest of $81,136,753. The agreements require variable monthly payments and expires December 1, 2055. The Schools paid $2,253,410 in principal and interest under these lease agreements for the year ended June 30, 2025. Future lease payments are included in the schedule below.

	Principal	Interest	Total
For fiscal year ended June 30, 2026	$ 465,000	$ 1,801,000	$ 2,266,000
For fiscal year ended June 30, 2027	485,000	1,778,375	2,263,375
For fiscal year ended June 30, 2028	510,000	1,754,625	2,264,625
For fiscal year ended June 30, 2029	540,000	1,729,750	2,269,750
For fiscal year ended June 30, 2030	565,000	1,703,500	2,268,500
For fiscal year ended June 30, 2031 - 2035	3,290,000	8,074,250	11,364,250
For fiscal year ended June 30, 2036 - 2040	4,225,000	7,185,000	11,410,000
For fiscal year ended June 30, 2041 - 2045	5,430,000	6,043,125	11,473,125
For fiscal year ended June 30, 2046 - 2050	6,965,000	4,576,125	11,541,125
For fiscal year ended June 30, 2051 - 2055	8,950,000	2,693,750	11,643,750
For fiscal year ended June 30, 2056	4,375,000	377,500	4,752,500
Totals	$ 35,800,000	$ 37,717,000	$ 73,517,000

C. Fund Balance

Classical Charter Schools of America, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of General Fund Balance that is available for appropriation.

Total fund balance	***$11,532,827***
Less:	
Reserve for prepaid items	665,816
Restricted for Bonds	3,138,541
Remaining Fund Balance	$7,728,470

IV. Transfers

The before and after school fund transferred $7,000 to the food service fund to cover the additional costs of providing student lunches.

V. Related Party Transactions

Classical Charter Schools of America, Inc.

Classical Charter Schools of America, Inc. issued non-interest bearing notes totaling $1,930,000 to Classical Charter Schools of Southport. Classical Charter Schools of Southport has the same board of directors as Classical Charter Schools of America, Inc. Classical Charter Schools of America, Inc. issued non-interest bearing notes totaling $735,000 to Classical Charter Schools of Wilmington. Classical Charter Schools of Southport has the same board of directors as Classical Charter Schools of America, Inc. The funds from these notes were used for facilities development. At June 30, 2025, Classical Charter Schools of Southport owed

Classical Charter Schools of America, Inc. $1,930,000 and Classical Charter Schools of Wilmington owed Classical Charter Schools of America, Inc. $510,000.

Classical Charter Schools of Leland

On July 18, 2001, Classical Charter Schools of Leland entered into an agreement with Roger Bacon Academy, Inc. for management and facility services. Roger Bacon Academy, Inc. provides supervision and administration services for the management, operation and maintenance of the School in accordance with the educational program as adopted by the Board of the School and included in its operational documents. Any documents or policies adopted by the Board of the School may be modified from time to time in the sole and absolute discretion of the Board.

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2025, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of $2,224,724. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

Classical Charter Schools of Whiteville

Classical Charter Schools of Whiteville has agreements for management services and property use with Roger Bacon Academy, Inc. Roger Bacon Academy, in turn, rents the land, building, and equipment from Coastal Habitat Conservancy, LLC, which owns all the physical facilities and most of the equipment used by the School.

On June 13, 2007, Classical Charter Schools of Whiteville entered into an agreement with Roger Bacon Academy, Inc. for management and facility services. Roger Bacon Academy, Inc. provides supervision and administration services for the management, operation and maintenance of the School in accordance with the educational program as adopted by the Board of the School and included in its operational documents. Any documents or policies adopted by the Board of the School may be modified from time to time in the sole and absolute discretion of the Board.

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2025, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of $1,821,162. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

Classical Charter Schools of Southport

On July 1, 2014, Classical Charter Schools of Southport entered into an agreement with Roger Bacon Academy, Inc. for management and facility services. Roger Bacon Academy, Inc. provides supervision and administration services for the management, operation and maintenance of the School in accordance with the educational program as adopted by the Board of the School and included in its operational documents. Any documents or policies adopted by the Board of the School may be modified from time to time in the sole and absolute discretion of the Board.

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2025, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of $1,505,605. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

Classical Charter Schools of Wilmington

On July 1, 2013, Classical Charter Schools of Wilmington entered into an agreement with Roger Bacon Academy, Inc. for management and facility services. Roger Bacon Academy, Inc. provides supervision and administration services for the management, operation and maintenance of the School in accordance with the educational program as adopted by the Board of the School and included in its operational documents. Any documents or policies adopted by the Board of the School may be modified from time to time in the sole and absolute discretion of the Board.

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2025, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of $308,989. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VII. Subsequent Events – Date of Management's Review

The School has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the Independent Auditor's Report. The School has not evaluated subsequent events after that date.

COMBINING STATEMENTS

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2025

Statement 1

Classical Charter Schools of America, Inc.
School Resources by Governmental Subfund
June 30, 2025

	Classical Charter Schools of Leland				
	County and Other	**State Public School**	**Federal Grants**	**Capital Outlay**	**Fund Total**
ASSETS					
Cash and cash equivalents	$ 4,754,987	$ -	$ -	$ 167,049	$ 4,922,036
Restricted cash	-	-	-	761,841	761,841
Due from other governments	437,135	-	-	-	437,135
Accounts receivable - other	9,070	-	-	-	9,070
Prepaid items	158,919	-	-	-	158,919
Advance from LLC	211,000	-	-	(211,000)	-
Total assets	5,571,111	-	-	717,890	6,289,001
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	436,533	-	-	69,150	505,683
Advance from LEA	-	-	-	-	-
Total liabilities	436,533	-	-	69,150	505,683
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
Fund balances:					
Nonspendable: prepaids	158,919	-	-	-	158,919
Restricted for debt service	-	-	-	761,841	761,841
Unassigned	4,975,659	-	-	(113,101)	4,862,558
Total fund balances	5,134,578	-	-	648,740	5,783,318
Total liabilities, deferred inflows of resources, and funds balances	$ 5,571,111	$ -	$ -	$ 717,890	$ 6,289,001

Statement 2

Classical Charter Schools of America, Inc.
School Revenues, Expenditures and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2025

	Classical Charter Schools of Leland				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
Revenues					
State of North Carolina	$ -	$ 7,371,824	$ -	$ -	$ 7,371,824
Local education agencies	3,107,000	-	-	-	3,107,000
U.S. Government	-	-	485,410	-	485,410
Fines and forfeitures	23,272	-	-	-	23,272
Contributions and donations	149,168	-	-	-	149,168
Rental income	-	-	-	811,170	811,170
Other	296,130	-	-	47,687	343,817
Total revenues	3,575,570	7,371,824	485,410	858,857	12,291,661
EXPENDITURES					
Current:					
Instructional programs	596,017	5,711,779	485,410	-	6,793,206
Athletics, arts and clubs	17,148	-	-	-	17,148
Support services	2,475,736	1,582,194	-	8,066	4,065,996
Community services	237	-	-	-	237
Capital outlay:	20,411	77,851	-	-	98,262
Debt service:					
Principal	-	-	-	171,600	171,600
Interest and other charges	-	-	-	702,390	702,390
Total expenditures	3,109,549	7,371,824	485,410	882,056	11,848,839
Excess (deficiency) of revenues over expenditures	466,021	-	-	(23,199)	442,822
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	-	-	-	-
Transfers to LLC rent	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	466,021	-	-	(23,199)	442,822
Fund balances-beginning, previous	4,668,557	-	-	671,939	5,340,496
Fund balances-ending	$ 5,134,578	$ -	$ -	$ 648,740	$ 5,783,318

Statement 3

Classical Charter Schools of America, Inc.
School Resources by Governmental Subfund
June 30, 2025

	Classical Charter Schools of Whiteville				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
ASSETS					
Cash and cash equivalents	$ 1,338,227	$ -	$ -	$ 65,585	$ 1,403,812
Restricted cash	-	-	-	1,187,790	1,187,790
Due from other governments	202,254	-	-	-	202,254
Accounts receivable - other	25,492	-	-	-	25,492
Prepaid items	77,688	-	-	-	77,688
Advance from LLC	167,500	-	-	(167,500)	-
Total assets	1,811,161	-	-	1,085,875	2,897,036
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	164,178	-	-	57,625	221,803
Advance from LEA	-	-	-	-	-
Total liabilities	164,178	-	-	57,625	221,803
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
Fund balances:					
Nonspendable: prepaids	245,188	-	-	-	245,188
Restricted for debt service	-	-	-	1,187,790	1,187,790
Unassigned	1,401,795	-	-	(159,540)	1,242,255
Total fund balances	1,646,983	-	-	1,028,250	2,675,233
Total liabilities, deferred inflows of resources, and funds balances	$ 1,811,161	$ -	$ -	$ 1,085,875	$ 2,897,036

Statement 4

Classical Charter Schools of America, Inc.
School Revenues, Expenditures and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2025

	Classical Charter Schools of Whiteville				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
Revenues					
State of North Carolina	$ -	$ 8,400,141	$ -	$ -	$ 8,400,141
Local education agencies	835,564	-	-	-	835,564
U.S. Government	-	-	757,848	-	757,848
Fines and forfeitures	2,617	-	-	-	2,617
Contributions and donations	107,101	-	-	-	107,101
Rental income	-	-	-	676,050	676,050
Other	148,713	-	-	39,739	188,452
Total revenues	1,093,995	8,400,141	757,848	715,789	10,967,773
EXPENDITURES					
Current:					
Instructional programs	258,512	4,906,559	757,848	-	5,922,919
Athletics, arts and clubs	14,628	-	-	-	14,628
Support services	514,474	3,483,021	-	8,862	4,006,357
Community services	-	-	-	-	-
Capital outlay:	-	10,561	-	-	10,561
Debt service:					
Principal	-	-	-	118,800	118,800
Interest and other charges	-	-	-	486,270	486,270
Total expenditures	787,614	8,400,141	757,848	613,932	10,559,535
Excess (deficiency) of revenues over expenditures	306,381	-	-	101,857	408,238
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	-	-	-	-
Transfers to LLC rent	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	306,381	-	-	101,857	408,238
Fund balances-beginning, previous	1,340,602	-	-	926,393	2,266,995
Fund balances-ending	$ 1,646,983	$ -	$ -	$ 1,028,250	$ 2,675,233

Statement 5

Classical Charter Schools of America, Inc.
School Net Position by Proprietary Subfund
June 30, 2025

	Classical Charter Schools of Whiteville
	Enterprise Activities
	School Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	$ 65,386
Cash - restricted debt service fund	-
Due from local government	70,884
Inventories	-
Total current assets	136,270
Noncurrent assets:	
Capital assets:	
Land	-
Other capital assets, net of depreciation	10,233
Total noncurrent assets	10,233
Total assets	$ 146,503
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current liabilities:	
Accounts payable - trade	$ -
Deferred revenue	-
Total current liabilities	-
Long-term liabilities:	
Due within one year	-
Due in more than one year	-
Total long-term liabilities	-
Total liabilities	-
DEFERRED INFLOWS OF RESOURCES	-
NET ASSETS	
Net investment in capital assets	-
Restricted for debt service	-
Unrestricted	146,503
Total net position	$ 146,503

Statement 6

Classical Charter Schools of America, Inc.
School Revenues, Expenses and Changes in Subfund Net Position
For the Year Ended June 30, 2025

	Classical Charter Schools of Whiteville Enterprise Activities School Food Service
OPERATING REVENUES	
Before and after school care	$ -
Lunch sales	67,405
Rental income from school	-
Dividend and interest income	-
Total operating revenues	67,405
OPERATING EXPENSES	
Salary and related costs	51,433
Supplies and materials	4,110
Contracted services	579,478
Building rent	224
Food purchases	-
Interest expense	-
Small equipment	-
Depreciation expense	5,000
Total operating expenses	640,245
Operating income (loss)	(572,840)
NONOPERATING REVENUES (EXPENSES)	
Federal reimbursements	568,825
Total nonoperating revenue (expenses)	568,825
Income (loss) before contributions and transfers	-
Transfers (to) from other funds	-
Change in net position	(4,015)
Total net position - beginning	150,518
Total net position - ending	$ 146,503

Statement 7

Classical Charter Schools of America, Inc.
School Statement of Cash Flows by Proprietary Subfund
For the Year Ended June 30, 2025

	Classical Charter Schools of Whiteville Enterprise Activities School Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 67,405
Cash paid to employees for services	(51,433)
Cash paid for goods and services	(654,400)
Net cash provided (used) by operating activities	(638,428)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	497,941
Transfer (to) from other funds	-
Net cash provided (used) by noncapital financing activities	497,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on bonds payable	-
Bond discount	-
Acquisition of capital assets	-
Net cash (used) by capital and related financing	
Net increase (decrease) in cash and cash equivalents	(140,487)
Balances-beginning of the year	205,873
Balances-end of the year	$ 65,386
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ (572,840)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,000
Changes in assets and liabilities:	
(Increase) decrease in prepaids	-
Increase (decrease) in accounts payable and accrued liabilities	(70,588)
Increase (decrease) in deferred inflows of resources	-
Total adjustments	(65,588)
Net cash provided (used) by operating activities	$ (638,428)

Statement 8

Classical Charter Schools of America, Inc.
School Resources by Governmental Subfund
June 30, 2025

	Classical Charter Schools of Southport				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
ASSETS					
Cash and cash equivalents	$ 989,528	$ -	$ -	$ 71,965	$ 1,061,493
Restricted cash	-	-	-	1,188,910	1,188,910
Due from other governments	361,230	-	-	-	361,230
Accounts receivable - other	82,875	-	-	202	83,077
Prepaid items	75,716	-	-	-	75,716
Advance to LLC	176,500	-	-	(176,500)	-
Total assets	1,685,849	-	-	1,084,577	2,770,426
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	210,404	-	-	65,308	275,712
Advance from LEA	-	-	-	-	-
Total liabilities	210,404	-	-	65,308	275,712
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
Fund balances:					
Nonspendable: prepaids	252,216	-	-	-	252,216
Restricted for debt service	-	-	-	1,188,910	1,188,910
Unassigned	1,223,229	-	-	(169,641)	1,053,588
Total fund balances	1,475,445	-	-	1,019,269	2,494,714
Total liabilities, deferred inflows of resources, and funds balances	$ 1,685,849	$ -	$ -	$ 1,084,577	$ 2,770,426

Statement 9

Classical Charter Schools of America, Inc.
School Revenues, Expenditures and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2025

	Classical Charter Schools of Southport				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
Revenues					
State of North Carolina	$ -	$ 4,595,632	$ -	$ -	$ 4,595,632
Local education agencies	2,170,668	-	-	-	2,170,668
U.S. Government	55,006	-	283,651	-	338,657
Fines and forfeitures	2,338	-	-	-	2,338
Contributions and donations	73,200	-	-	-	73,200
Rental income	-	-	-	766,190	766,190
Other	105,504	-	-	45,037	150,541
Total revenues	2,406,716	4,595,632	283,651	811,227	8,097,226
EXPENDITURES					
Current:					
Instructional programs	679,564	3,118,142	283,651	-	4,081,357
Athletics, arts and clubs	16,783	-	-	-	16,783
Support services	1,369,692	1,477,490	-	19,356	2,866,538
Community services	-	-	-	-	-
Capital outlay:	6,500	-	-	-	6,500
Debt service:					
Principal	-	-	-	149,600	149,600
Interest and other charges	-	-	-	612,340	612,340
Total expenditures	2,072,539	4,595,632	283,651	781,296	7,733,118
Excess (deficiency) of revenues over expenditures	334,177	-	-	29,931	364,108
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	-	-	-	-
Proceeds from debt	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	334,177	-	-	29,931	364,108
Fund balances-beginning	1,141,268	-	-	989,338	2,130,606
Fund balances-ending	$ 1,475,445	$ -	$ -	$ 1,019,269	$ 2,494,714

Statement 10

Classical Charter Schools of America, Inc.
School Resources by Governmental Subfund
June 30, 2025

	Classical Charter Schools of Wilmington			
	County and Other	State Public School	Federal Grants	Fund Total
ASSETS				
Cash and cash equivalents	$ 505,155	$ -	$ -	$ 505,155
Restricted cash	-	-	-	-
Due from other governments	77,061	-	-	77,061
Accounts receivable - other	37,571	-	-	37,571
Prepaid items	9,493	-	-	9,493
Security deposits	-	-	-	-
Total assets	629,280	-	-	629,280
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable - trade	49,718	-	-	49,718
Accrued salaries payable	-	-	-	-
Total liabilities	49,718	-	-	49,718
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
Fund balances:				
Nonspendable:				
Reserve for prepaid items	9,493	-	-	9,493
Unassigned	570,069	-	-	570,069
Total fund balances	579,562	-	-	579,562
Total liabilities, deferred inflows of resources, and funds balances	$ 629,280	$ -	$ -	$ 629,280

Statement 11

Classical Charter Schools of America, Inc.
School Revenues, Expenditures and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2025

	Classical Charter Schools of Wilmington			
	County and Other	State Public School	Federal Grants	Fund Total
Revenues				
State of North Carolina	$ -	$ 1,128,352	$ -	$ 1,128,352
Local education agencies	507,405	-	-	507,405
U.S. Government	-	-	123,596	123,596
Fines and forfeitures	17	-	-	17
Contributions and donations	111,030	-	-	111,030
Other	37,763	-	-	37,763
Total revenues	656,215	1,128,352	123,596	1,908,163
EXPENDITURES				
Current:				
Instructional programs	314,520	781,428	123,596	1,219,544
Athletics, arts and clubs	-	-	-	-
Support services	255,721	346,924	-	602,645
Community services	1,679	-	-	1,679
Capital outlay:	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	571,920	1,128,352	123,596	1,823,868
Excess (deficiency) of revenues over expenditures	84,295	-	-	84,295
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	-	-
Proceeds from debt	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	84,295	-	-	84,295
Fund balances-beginning	495,267	-	-	495,267
Fund balances-ending	$ 579,562	$ -	$ -	$ 579,562

Statement 12

Classical Charter Schools of America, Inc.
School Net Position by Proprietary Subfund
June 30, 2025

	Classical Charter Schools of Wilmington		
	Enterprise Activities		
	School Food Service	Before and After School	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 865	$ 95,769	$ 96,634
Cash - restricted debt service fund	-	-	-
Due from other governments	4,044	-	4,044
Inventories	-	-	-
Total current assets	4,909	95,769	100,678
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Other capital assets, net of depreciation	-	-	-
Total noncurrent assets	-	-	-
Total assets	$ 4,909	$ 95,769	$ 100,678
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable - trade	$ -	$ -	$ -
Deferred revenue	-	-	-
Total current liabilities	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET ASSETS			
Net investment in capital assets	-	-	-
Restricted for debt service	-	-	-
Unrestricted	4,909	95,769	100,678
Total net position	$ 4,909	$ 95,769	$ 100,678

Statement 13

Classical Charter Schools of America, Inc.
School Revenues, Expenses and Changes in Subfund Net Position
For the Year Ended June 30, 2025

	Classical Charter Schools of Wilmington		
	Enterprise Activities		
	School Food Service	Before and After School	Total
OPERATING REVENUES			
Lunch sales	$ -	$ -	$ -
Before and after school revenue	-	33,817	33,817
Total operating revenues	-	33,817	33,817
OPERATING EXPENSES			
Salary and related costs	14,258	-	14,258
Supplies and materials	459	9,361	9,820
Contracted services	91,990	-	91,990
Food purchases	-	471	471
Interest expense	-	-	-
Depreciation expense	-	-	-
Total operating expenses	106,707	9,832	116,539
Operating income (loss)	(106,707)	23,985	(82,722)
NONOPERATING REVENUES (EXPENSES)			
Federal reimbursements	88,144	-	88,144
Total nonoperating revenue (expenses)	88,144	-	88,144
Income (loss) before contributions and transfers	(18,563)	23,985	5,422
Capital contributions	-	-	-
Transfers (to) from other funds	7,000	(7,000)	-
Change in net position	(11,563)	16,985	5,422
Total net position - beginning	16,472	78,784	95,256
Total net position - ending	$ 4,909	$ 95,769	$ 100,678

Statement 14

Classical Charter Schools of America, Inc.
School Statement of Cash Flows by Proprietary Subfund
For the Year Ended June 30, 2025

	Classical Charter Schools of Wilmington		
	Enterprise Activities		
	School Food Service	Before and After School	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ -	$ 33,817	$ 33,817
Cash paid to employees for services	(14,258)	-	(14,258)
Cash paid for goods and services	(92,449)	(9,832)	(102,281)
Net cash provided (used) by operating activities	(106,707)	23,985	(82,722)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	90,156	-	90,156
Transfer (to) from other funds	7,000	(7,000)	-
Net cash provided (used) by noncapital financing activities	97,156	(7,000)	90,156
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Repayment of bonds payable	-	-	-
Bond discount	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing	-	-	-
Net increase (decrease) in cash and cash equivalents	(9,551)	16,985	7,434
Balances-beginning of the year	10,416	78,784	89,200
Balances-end of the year	$ 865	$ 95,769	$ 96,634
Reconciliation of operating income to net cash provided by operating activities			
Operating income	$ (106,707)	$ 23,985	$ (82,722)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	-	-	-
Increase (decrease) in deferred inflows of resources	-	-	-
Total adjustments	-	-	-
Net cash provided (used) by operating activities	$ (106,707)	$ 23,985	$ (82,722)

Classical Charter Schools of America, Inc.
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
All Fund Types
Year Ended June 30, 2025

	Classical Charter Schools of Leland			Classical Charter Schools of Whiteville			Classical Charter Schools of Southport			Classical Charter Schools of Wilmington		
	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:												
State of North Carolina	$ 7,371,824	$ 7,371,824	$ -	$ 8,400,141	$ 8,400,141	$ -	$ 4,595,632	$ 4,595,632	$ -	$ 1,128,352	$ 1,128,352	$ -
Boards of Education	3,107,000	3,107,000	-	835,564	835,564	-	2,170,668	2,170,668	-	507,405	507,405	-
Fines and forfeitures	23,272	23,272	-	2,617	2,617	-	2,338	2,338	-	17	17	-
U.S.Government	485,410	485,410	-	757,848	757,848	-	338,657	338,657	-	123,596	123,596	-
Enterprise funds	-	-	-	67,405	67,405	-	-	-	-	33,817	33,817	-
Contributions and donations	149,168	149,168	-	107,101	107,101	-	73,200	73,200	-	111,030	111,030	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Others	296,130	296,130	-	148,713	148,713	-	105,504	105,504	-	37,763	37,763	-
Total revenues	11,432,804	11,432,804	-	10,319,389	10,319,389	-	7,285,999	7,285,999	-	1,941,980	1,941,980	-
Expenditures												
Salaries and bonuses	3,977,763	3,977,763	-	4,058,039	4,058,039	-	2,484,884	2,484,884	-	748,924	748,924	-
Benefits	1,128,695	1,128,695	-	1,094,326	1,094,326	-	734,276	734,276	-	200,240	200,240	-
Books and supplies	324,846	324,846	-	259,131	259,131	-	204,921	204,921	-	64,562	64,562	-
Contracted student services	1,087,850	1,087,850	-	1,009,054	1,009,054	-	488,835	488,835	-	207,794	207,794	-
Staff development	12,729	12,729	-	11,282	11,282	-	8,710	8,710	-	5,152	5,152	-
Administrative services	2,381,181	2,381,181	-	2,067,974	2,067,974	-	1,568,233	1,568,233	-	367,628	367,628	-
Insurances	148,080	148,080	-	162,476	162,476	-	146,989	146,989	-	59,752	59,752	-
Rents and debt service	992,215	992,215	-	609,070	609,070	-	766,190	766,190	-	-	-	-
Facilities	151,015	151,015	-	253,361	253,361	-	109,003	109,003	-	30,980	30,980	-
Utilities	151,400	151,400	-	187,407	187,407	-	119,663	119,663	-	61,017	61,017	-
Transportation and travel	29,927	29,927	-	155,730	155,730	-	10,090	10,090	-	19,203	19,203	-
Technology	68,134	68,134	-	49,005	49,005	-	53,887	53,887	-	15,387	15,387	-
Non Capital Equipment	38,990	38,990	-	51,935	51,935	-	47,554	47,554	-	31,562	31,562	-
Capital purchases	105,962	105,962	-	589,167	589,167	-	11,750	11,750	-	99,241	99,241	-
Nutrition and food	27,875	27,875	-	8,641	8,641	-	12,388	12,388	-	28,965	28,965	-
Others	340,121	340,121	-	19,250	19,250	-	184,445	184,445	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,966,783	10,966,783	-	10,585,848	10,585,848	-	6,951,818	6,951,818	-	1,940,407	1,940,407	-
Other financing sources (uses):												
Federal reimbursments	-	-	-	568,825	568,825	-	-	-	-	88,144	88,144	-
Proceeds from Loans	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	568,825	568,825	-	-	-	-	88,144	88,144	-
Excess of revenues over expenditures	$ 466,021	$ 466,021	$ -	$ 302,366	$ 302,366	$ -	$ 334,181	$ 334,181	$ -	$ 89,717	$ 89,717	$ -

COMPLIANCE SECTION

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2025

REBEKAH BARR
CPA PC

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

Board of Directors
Classical Charter Schools of America, Inc.
Leland, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Classical Charter Schools of America, Inc. as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises Classical Charter Schools of America, Inc.'s basic financial statements and have issued our report thereon dated October 20, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Classical Charter Schools of America, Inc.'s internal control over financial reporting (internal control) to determine the 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 Classical Charter Schools of America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Classical Charter Schools of America, Inc.'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 School'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 the internal control over financial reporting 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 Classical Charter Schools of America, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 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 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.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 20, 2025

REBEKAH BARR
CPA PC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Classical Charter Schools of America, Inc.
Leland, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Classical Charter Schools of America, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Classical Charter Schools of America, Inc.'s major federal program for the year ended June 30, 2025. Classical Charter Schools of America, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Classical Charter Schools of America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act.[2] Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Example Entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Classical Charter Schools of America, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Classical Charter Schools of America, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Classical Charter Schools of America, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud

is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Classical Charter Schools of America, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- obtain an understanding of Example Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 20, 2025

REBEKAH BARR
CPA PC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of Directors
Classical Charter Schools of America, Inc.
Leland, North Carolina

Report on Compliance for Each Major State Program

We have audited Classical Charter Schools of America, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2025. Classical Charter Schools of America, Inc.'s major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Classical Charter Schools of America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Classical Charter Schools of America, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of Classical Charter Schools of America, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major State program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Classical Charter Schools of America, Inc.'s compliance based on our audit. 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 stands, *Government Auditing Standards,* and the Uniform Guidance will always detect material

noncompliance when it exits. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Classical Charter Schools of America, Inc.'s compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Classical Charter Schools of America, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Classical Charter Schools of America, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Classical Charter Schools of America, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 20, 2025

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statemetns audited were prepared in accordance to GAAP: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	X none reported
Noncompliance material to financial statements noted	_____ yes	X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	X no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	X none reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

Program Name	CFDA Number
Title 1 Funds	84.010A

Dollar threshold used to distinguish between Type A and Type B Programs $ 1,000,000

Auditee qualified as low-risk auditee? _____ yes X no

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

State Awards

Internal control over major state programs:

Material weakness(es) identified?	_____ yes	__X__ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	__X__ none reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	_____ yes	__X__ no

Identification of major state programs:

Program Name
State Public School Funds (PRC036 - Charter School Funds)

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

There were no prior year audit findings.

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
US Department of Education			
Direct Award:			
Rural Education Achievement Grant	84.358	PRC 341	$ 55,006
Passed Through the North Carolina Department of Public Instruction:			
Title 1 Basic Funding	84.010A	PRC 050	896,247
Improving Teacher Quality	84.367A	PRC 103	119,346
Student Support and Academic Enrich	84.424A	PRC 108	60,557
Rural and Low Income Schools	84.358A	PRC 109	68,360
Title 1 School Improvement	84.010A	PRC 115	10,550
Education Stabilization Funds:			
ESSER III - ARP - Instructional Learning	84.425D	PRC 189	1,731
Total Education Stabilization Funds			1,731
Special Education Cluster:			
Idea VI-B Pre-School Handicapped	84.027-CL	PRC 049	3,726
Idea VI-B Handicapped	84.027-CL	PRC 060	483,462
Special Needs Targeted Assistance	84.027-CL	PRC 118	6,526
Total Special Education Cluster			493,714
US Department of Agriculture			
Passed Through the NC Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	737,681
			737,681
TOTAL FEDERAL CASH ASSISTANCE			2,443,192
NC STATE GRANTS:			
CASH ASSISTANCE			
NC Department of Public Instruction			
Summer Reading Camps		PRC 016	86,856
Charter Schools		PRC 036	21,210,485
School Safety Grants		PRC 040	171,547
Principal and Teacher Performance Bonuses		PRC 048	19,377
Feminine Hygiene Program		PRC 088	7,684
TOTAL NC STATE CASH ASSISTANCE			21,495,949
TOTAL FEDERAL AND STATE AWARDS			$ 23,939,141

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation
The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Classical Charter Schools of America, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Classical Charter Schools of America, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Classical Charter Schools of America, Inc.

Note 2: Indirect Costs
The School has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies
Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting.