

AUDITED FINANCIAL STATEMENTS

CHARTER DAY SCHOOL, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2021

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FINANCIAL SECTION
CHARTER DAY SCHOOL, INC.
LELAND, NORTH CAROLINA
JUNE 30, 2021



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Independent Auditors' Report

To the Board of Trustees
Charter Day School, Inc.
Leland, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Day School, Inc., as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Charter Day School, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 aggregate remaining fund information of Charter Day School, Inc. as of June 30, 2021, and the respective changes in financial position for the year ended June 30, 2021 and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 20 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Day School, Inc.'s basic financial statements. The combining and individual subfund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis 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* and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements.

The combining and individual subfund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual subfund financial statements, budgetary schedules, other schedules, and the accompanying 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 November 24, 2021 on our consideration of Charter Day School, 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 the 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 Charter Day School, Inc.'s internal control over financial reporting and compliance.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina
November 24, 2021



Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



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.*



Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



School Features

- Tuition-free, open enrollment charter schools.
- 4 Campuses
 - **Classical Charter Schools of Leland:** K-8th. Picturesque, 66-acre campus in Brunswick County, just fifteen minutes from downtown Wilmington.
 - **Classical Charter Schools of Southport:** K-6th. Beautiful, 45-acre campus in Brunswick County, conveniently located off Hwy 211 between Southport and Supply.
 - **Classical Charter Schools of Whiteville:** K-8th. Scenic, 142-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.
- All four campuses consistently outperformed the national average on standardized SAT10 test.
- Diverse student population, including 16.1% special needs students, 35.2% non-white students, and 37.4% 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.
- On-site educational before and after school care program.
- Outstanding, varied extracurricular activities, including current, 10-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.
- 2016 recipient of the National Institute for Direction Instruction Wesley Becker Excellent School Award.



Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



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
2020-2021

After a one-year shutdown due to the COVID-19 epidemic, Classical Charter Schools of America were part of the state-mandated standardized North Carolina End of Grade tests. If the four Classical Charter Schools of America were combined as a single district, the Classical Charter Schools of America schools would have ranked 21st out of 116 North Carolina districts in the 2020-2021 End of Grade testing.

CCSA Operated Charter SAT10 Results 2020-2021

Percent of students at or above national 40th percentile rank, considered at grade level.

	Total Math %≥40 PR	Reading Comprehension %≥40 PR
Classical Charter Schools of Leland	72.6%	76.4%
Classical Charter Schools of Southport	74.7%	71.6%
Classical Charter Schools of Whiteville	51.2%	59.2%
Classical Charter Schools of Wilmington	58.5%	61.0%

All four campuses reported significantly high numbers of students who outscored the national averages of the Stanford Achievement Test Tenth Edition (SAT10).

- Nearly 73% of the students at Classical Charter Schools of Leland scored at or above grade level in math and 76% in reading comprehension.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



- Nearly 75% of Classical Charter Schools of Southport students scored at or above grade level in math and more than 71% in reading comprehension.
- 51% of Classical Charter Schools of Whiteville's math students scored at or above grade level and 59% in reading comprehension.
- Over 58% of the Kindergarten through Fifth Grade students at Classical Charter Schools of Wilmington scored at or above grade level in math, and 61% in reading.

Classical Charter Schools of Leland EOG Results 2020-2021
Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Leland	62.8%	59.0%	59.9%	82.6%
North Carolina	45.4%	45.6%	40.0%	62.2%
Brunswick Co.	48.2%	45.0%	43.2%	69.3%
New Hanover Co.	51.2%	50.7%	46.3%	66.7%

Classical Charter Schools of Leland's elementary campus and Classical Charter Schools of Southport joined the district's Union Elementary School as the top three highest-scoring elementary schools in Brunswick County.

Classical Charter Schools of Leland's middle school campus provided Brunswick County's highest-scoring middle school, by a margin of 21.5 percentage points.

Classical Charter Schools of Leland's EOG performance average of 62.8% exceeds the state average (45.4%) by 17.4 percentage points and the county average (48.2%) by 14.6 percentage points. Classical Charter Schools of Leland is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



Classical Charter Schools of Southport EOG Results 2020-2021

Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Southport	61.2%	52.8%	62.7%	66.1%
North Carolina	45.4%	45.6%	40.0%	62.2%
Brunswick Co.	48.2%	45.0%	43.2%	69.3%

Classical Charter Schools of Southport and Classical Charter Schools of Leland's elementary campus joined the district's Union Elementary School as the top three highest-scoring elementary schools in Brunswick County.

Classical Charter Schools of Southport's EOG performance average of 61.2% exceeds the state average (45.4%) by 15.8 percentage points and the county average (48.2%) by 13.0 percentage points. Classical Charter Schools of Southport is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



Classical Charter Schools of Whiteville EOG Results 2020-2021
Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Whiteville	41.3%	41.6%	34.5%	66.7%
Columbus Co.	35.4%	32.7%	31.2%	49.9%
Bladen Co.	27.3%	29.2%	16.7%	42.9%
Robeson Co.	21.3%	22.5%	14.0%	35.1%
North Carolina	45.4%	45.6%	40.0%	62.2%

Classical Charter Schools of Whiteville's performance average exceeded Columbus County, Bladen County, and Robeson County performance averages. The Bladen County and Robeson County districts are included in this comparison, as Classical Charter Schools of Whiteville serves significant populations of students residing in these counties.

Classical Charter Schools of Whiteville's EOG performance average is 41.3%. The state performance average is 45.4%. The Columbus, Bladen, and Robeson districts' performance averages are 35.4%, 27.3%, and 21.3% respectively. Classical Charter Schools of Whiteville is a Title 1 school, which means that 40% or more of its students are economically disadvantaged.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



Classical Charter Schools of Wilmington EOG Results 2020-2021
Percent of Students Proficient

	All Subjects	ELA/Reading	Math	Science
CCS of Wilmington	40.8%	34.4%	44.2%	43.8%
Snipes Academy	21.5%	23.9%	17.0%	28.0%
Freeman School	9.1%	9.3%	<5.0%	17.5%
Gregory	37.9%	42.7%	29.7%	50.0%
D.C. Virgo Lab School	14.2%	16.7%	7.5%	32.6%
North Carolina	45.4%	45.6%	40.0%	62.2%
New Hanover Co.	51.2%	50.7%	46.3%	66.7%

Classical Charter Schools of Wilmington's achievement score of tests passed, including a large number of transfer students, is 40.8% on the Common Core End-Of-Grade tests. For comparison, the four neighboring elementary schools—Rachel Freeman, Snipes Academy, D.C. Virgo and Gregory—reveal that 9.1%, 21.5%, 14.2% and 37.9% of tests were passed, respectively.

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021

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, 2021. 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 increase of 12.1% from the 2019 - 2020 academic year to the 2020 - 2021 academic year, with an enrollment increase from 2,241 students to 2,513 students. The Classical Charter Schools of America family of charter schools had a slight decrease in its student enrollment at all four schools for the 2021 – 2022 school year by 18 students, a 0.7% decrease.
 - ***Classical Charter Schools of Leland*** enrollment increased 74 students with the 2020 - 2021 school year enrollment of 1,037 students. Enrollment for the 2021 - 2022 school year decreased by 63 students for a total of 974.
 - ***Classical Charter Schools of Southport*** increased 83 students with the 2020 - 2021 school year enrollment of 479 students. Enrollment for the 2021 - 2022 school year increased by 83 students for a total of 562.
 - ***Classical Charter Schools of Whiteville*** enrollment increased 112 students with the 2020 - 2021 school year enrollment of 867 students. Enrollment for the 2021 - 2022 school year decreased by 18 students for a total of 849.
 - ***Classical Charter Schools of Wilmington*** enrollment increased 3 students with the 2020 - 2021 school year enrollment of 130 students. Enrollment for the 2021 - 2022 school year decreased by 20 students for a total of 110.

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



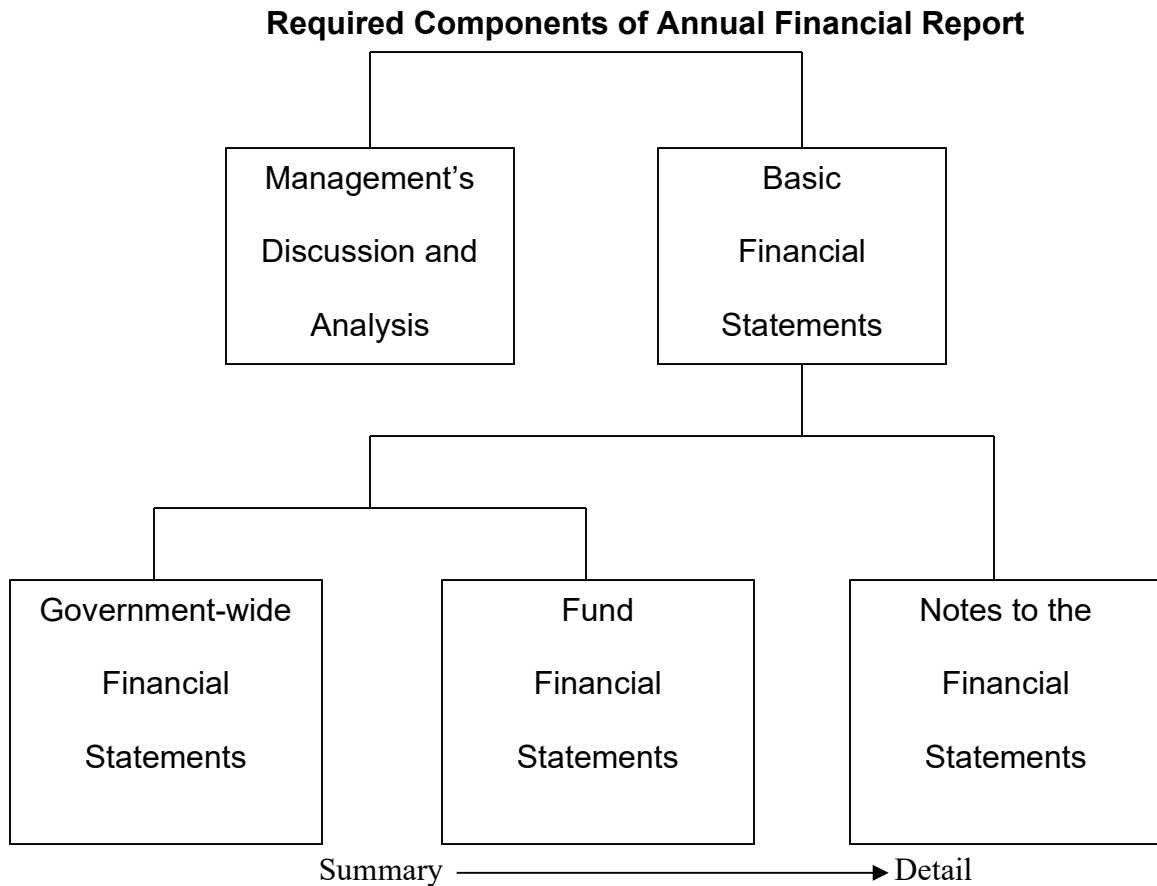
- The assets of Classical Charter Schools of America exceeded its liabilities at the close of the fiscal year by \$9,438,607 (net assets).
- The company's total net assets increased by \$3,459,124, due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, Classical Charter Schools of America's governmental funds reported combined ending fund balances of \$21,778,520, an increase of \$17,270,084 in comparison with the prior year.
- As of the close of the current fiscal year, Classical Charter Schools of America fixed assets net of depreciation of \$28,284,855, an increase of \$21,031,590 in comparison with the prior year's \$7,253,265. The fixed assets increase was mostly due to the land and buildings purchased in Leland and Whiteville with bond money.
- Per-pupil revenue from governmental sources for the 2020 - 2021 year was \$10,064, compared to \$9,228 in 2019 - 2020.
- Classical Charter Schools of America has long-term debt of \$40,771,703 of which \$197,500 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.
- Classical Charter Schools of America spent \$362,355 in legal fees defending the lawsuit regarding the school's uniform policy, these expenses were offset by insurance proceeds of \$197,975.

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.

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



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

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



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 34 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 \$9,438,607 as of June 30, 2021. As of June 30, 2020, the net assets of Classical Charter Schools of America stood at \$5,979,483. The School's net assets increased by \$3,459,124 for the fiscal year ended June 30, 2021. The amount of \$1,914,078 reflects the company's net investment in capital assets (e.g. land, buildings, equipment, textbooks less debt). Classical Charter Schools of America uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The remaining balance includes funds of \$2,243,500 restricted for debt service and \$5,134,094 of unrestricted funds.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



Figure 2
Classical Charter Schools of America's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$5,364,312	\$5,688,598	\$147,460	\$64,085	\$5,511,772	\$5,752,683
Restricted cash	16,644,426	0	0	0	16,644,426	0
Due from other governments	27,310	82,880	0	0	27,310	82,880
Capital assets, net of depreciation	28,284,855	7,253,265	0	0	28,284,855	7,253,265
Total assets	50,320,903	13,024,743	147,460	64,085	50,468,363	13,088,828
Other liabilities	257,528	1,263,042	525	135	258,053	1,263,177
Payroll protection program	0	1,619,600	0	0	0	1,619,600
Long-term Debt	40,771,703	4,226,568	0	0	40,771,703	4,226,568
Total liabilities	41,029,231	7,109,210	525	135	41,029,756	7,109,345
Invested in capital assets, net of related debt	1,914,078	3,026,697	0	0	1,914,078	3,026,697
Restricted for debt service	2,243,500	0	0	0	2,243,500	0
Unrestricted	5,134,094	2,888,836	146,935	63,950	5,281,029	2,952,786
Total net assets	\$9,291,672	\$5,915,533	\$146,935	\$63,950	\$9,438,607	\$5,979,483

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.

Management's Discussion and Analysis
Classical Charter Schools of America
June 30, 2021



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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Other Revenues	\$3,875,016	\$868,187	\$0	\$0	\$3,875,016	\$868,187
Charges for services	0	0	21,424	14,452	21,424	14,452
Operating Grants and Contributions	1,770,664	826,968	452,700	456,671	2,223,364	1,283,639
County, State, and Federal Funds	23,581,140	19,883,604	0	0	23,581,140	19,883,604
Total revenues	29,226,820	21,578,759	474,124	471,123	29,700,944	22,049,882
Instructional Programs	17,309,994	14,835,828	410,498	452,951	17,720,492	15,288,779
Support services	9,207,520	6,248,854	0	0	9,207,520	6,248,854
Fund raising	0	8,201	0	0	0	8,201
Interest on short-term debt	933,409	195,646	0	0	933,409	195,646
Total expenses	27,450,923	21,288,529	410,498	452,951	27,861,421	21,741,480
Increase (Decrease) in net assets before transfers	1,775,897	290,230	63,626	18,172	1,839,523	308,402
Transfers	(19,359)	(9,883)	19,359	9,883	0	0
PPP loan forgiveness	1,619,601	0	0	0	1,619,601	0
Increase (Decrease) in net assets	3,376,139	280,347	82,985	28,055	3,459,124	308,402
Net assets, July 1	5,915,533	5,635,186	63,950	35,895	5,979,483	5,671,081
Net assets, June 30	\$9,291,672	\$5,915,533	\$146,935	\$63,950	\$9,438,607	\$5,979,483

Governmental activities. Governmental activities increased the company's net assets by \$3,376,139.

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 \$4,967,816.

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



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, 2021, totals \$28,284,855 (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	
	2020	2019	2020	2019	2020	2019
Land / land improvements	\$3,087,405	\$2,453,620	\$0	\$0	\$3,087,405	\$2,453,620
Construction work-in-progress	838,089	0	0	0	838,089	0
Buildings / building improvements	16,717,433	4,099,189	0	0	16,717,433	4,099,189
Leasehold improvements	6,685,113	0	0	0	6,685,113	0
Equipment / computers / playground equipment	165,628	70,594	0	0	165,628	70,594
Vehicles	775,903	533,771	0	0	775,903	533,771
Textbooks	15,284	96,091	0	0	15,284	96,091
Total	\$28,284,855	\$7,253,265	\$0	\$0	\$28,284,855	\$7,253,265

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, 2021, Classical Charter Schools of America had outstanding debt of \$40,771,703, of which \$197,500 was due within a year. As of June 30, 2020, long-term debt without the "PPP" loan was \$5,846,168, an increase from June 30, 2020 of \$34,925,535.

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 2021, and not all of the applicants were admitted for the upcoming year.

Management's Discussion and Analysis

Classical Charter Schools of America

June 30, 2021



- The four schools received donations of \$2,471,001 during the 2020 - 2021 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 food service, both breakfast and lunch, to all students. The school also provides school transportation for students from Lumberton and other distant communities.
- Three buses were purchased during the 2020 - 2021 school year for Classical Charter Schools of Whiteville. Funds for these buses were approved by the board to come out of operating capital.
- Competitive salary increases effective for the 2020 - 2021 school year increased all school's expenditures but were partially offset by state revenue increases.
- Expenditures budgeted for Administrative Services increased in 2020 - 2021 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.

Charter Day School, Inc.
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,163,213	\$ 125,530	\$ 5,288,743
Restricted cash - debt service	2,243,500	-	2,243,500
Restricted cash - unspent bond proceeds	14,400,926	-	14,400,926
Due from other governments	27,310	-	27,310
Accounts Receivable - other (net)	34,821	21,930	56,751
Prepaid expenses	166,278	-	166,278
Capital assets:			
Land, improvements, and construction in progress	3,925,494	-	3,925,494
Other capital assets, net of depreciation	24,359,361	-	24,359,361
Total capital assets	28,284,855	-	28,284,855
Total assets	50,320,903	147,460	50,468,363
LIABILITIES			
Accounts payable - trade	257,528	525	258,053
Long - term liabilities:			
Bond premium	3,716,703	-	3,716,703
Due within one year	197,500	-	197,500
Due in more than one year	36,857,500	-	36,857,500
Total liabilities	41,029,231	525	41,029,756
NET POSITION			
Net investment in capital assets	1,914,078	-	1,914,078
Restricted for:			
Debt service	2,243,500	-	2,243,500
Unrestricted	5,134,094	146,935	5,281,029
Total net position	\$ 9,291,672	\$ 146,935	\$ 9,438,607

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

Charter Day School, Inc.
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional programs	\$ 17,309,994	\$ -	\$ 1,770,664	\$ -	\$ (15,539,330)	\$ -	\$ (15,539,330)
Support services	9,207,520	-	-	-	(9,207,520)	-	(9,207,520)
Interest on short-term debt	933,409	-	-	-	(933,409)	-	(933,409)
Total governmental activities	27,450,923	-	1,770,664	-	(25,680,259)	-	(25,680,259)
Business-type activities:							
School food service	409,811	-	452,700	-	-	42,889	42,889
Before and after school revenue	687	21,424	-	-	-	20,737	20,737
Total business-type activities	410,498	21,424	452,700	-	-	63,626	63,626
Total primary government	\$ 27,861,421	\$ 21,424	\$ 2,223,364	\$ -	(25,680,259)	63,626	(25,616,633)
General revenues:							
Unrestricted County appropriations					6,070,062	-	6,070,062
Unrestricted State appropriations					17,449,446	-	17,449,446
Unrestricted Federal appropriations					61,632	-	61,632
Contributions					2,471,001	-	2,471,001
Miscellaneous, unrestricted					1,404,015	-	1,404,015
Transfers					(19,359)	19,359	-
Total general revenues and transfers					27,436,797	19,359	27,456,156
Change in net position					1,756,538	82,985	1,839,523
PPP loan forgiveness					1,619,601	-	1,619,601
Change in net position after loan forgiveness					3,376,139	82,985	3,459,124
Net position-beginning					5,915,533	63,950	5,979,483
Net position-ending					\$ 9,291,672	\$ 146,935	\$ 9,438,607

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

Charter Day School, Inc.
Balance Sheet
Governmental Funds
June 30, 2021

	Major Special Revenue Funds						Total Governmental Funds
	General Fund	Charter Day School	Columbus Charter School	South Brunswick Charter School	Douglass Academy	Eliminations	
ASSETS							
Cash and cash equivalents	\$ -	\$ 3,145,026	\$ 1,126,148	\$ 650,319	\$ 241,720	\$ -	\$ 5,163,213
Restricted cash - debt service	-	807,660	673,050	762,790	-	-	2,243,500
Restricted cash - unspent bond proceeds	-	4,783,949	1,392,160	8,224,817	-	-	14,400,926
Due from other governments	-	2,652	21,924	2,072	662	-	27,310
Accounts Receivable - other (net)	-	34,813	8	-	-	-	34,821
Prepaid expenses	-	-	97,168	53,640	15,470	-	166,278
Due from South Brunswick Charter School	1,930,000	-	-	-	-	(1,930,000)	-
Due from Douglass Academy	535,000	-	-	-	-	(535,000)	-
Total assets	2,465,000	8,774,100	3,310,458	9,693,638	257,852	(2,465,000)	22,036,048
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable - trade	-	62,112	131,634	52,170	11,612	-	257,528
Total liabilities	-	62,112	131,634	52,170	11,612	-	257,528
Fund balances:							
Restricted for debt service	-	807,660	673,050	762,790	-	-	2,243,500
Restricted for unspent bond proceeds	-	4,783,949	1,392,160	8,224,817	-	-	14,400,926
Nonspendable: prepaid expenses	-	-	-	-	12,310	-	12,310
Unassigned:	2,465,000	3,120,379	1,113,614	653,861	233,930	(2,465,000)	5,121,784
Total fund balances	2,465,000	8,711,988	3,178,824	9,641,468	246,240	(2,465,000)	21,778,520
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,465,000	\$ 8,774,100	\$ 3,310,458	\$ 9,693,638	\$ 257,852	\$ (2,465,000)	

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.
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 (Note 5).
Net position of governmental activities

28,284,855

(40,771,703)

\$ 9,291,672

Charter Day School, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Special Revenue Funds						Total Governmental Funds
	General Fund	Charter Day School	Columbus Charter School	South Brunswick Charter School	Douglass Academy	Eliminations	
REVENUES							
State of North Carolina	\$ -	\$ 6,751,695	\$ 6,758,446	\$ 3,078,015	\$ 861,290	\$ -	\$ 17,449,446
Local education agencies	-	3,228,351	756,837	1,666,761	418,113	-	6,070,062
U.S. Government	-	652,209	744,839	246,774	188,474	-	1,832,296
Donations - general	-	35,500	6,500	9,200	150,000	-	201,200
Miscellaneous, unrestricted	-	854,915	258,769	289,247	1,084	-	1,404,015
Total revenues	-	11,522,670	8,525,391	5,289,997	1,618,961	-	26,957,019
EXPENDITURES							
Current:							
Instructional programs	-	7,306,237	5,531,029	2,913,703	1,163,019	-	16,913,988
Support services	-	3,695,020	2,964,076	1,938,299	478,124	-	9,075,519
Capital outlay	-	8,708,285	10,198,296	383,215	-	-	19,289,796
Debt service:							
Principal	-	-	-	4,223,147	3,421	-	4,226,568
Interest and other charges	-	304,050	253,375	375,965	18	-	933,408
Total expenditures	-	20,013,592	18,946,776	9,834,329	1,644,582	-	50,439,279
Excess (deficiency) of revenues over (under) expenditures	-	(8,490,922)	(10,421,385)	(4,544,332)	(25,621)	-	(23,482,260)
OTHER FINANCING SOURCES (USES)							
Proceeds from bonds	-	14,677,813	12,231,511	13,862,379	-	-	40,771,703
Transfers from other funds	(500,000)	-	500,000	(500,000)	(19,359)	500,000	(19,359)
Total other financing sources (uses)	(500,000)	14,677,813	12,731,511	13,362,379	(19,359)	500,000	40,752,344
Net change in fund balance	(500,000)	6,186,891	2,310,126	8,818,047	(44,980)	500,000	17,270,084
Fund balances-beginning	2,965,000	2,525,097	868,698	823,421	291,220	(2,965,000)	4,508,436
Fund balances-ending	\$ 2,465,000	\$ 8,711,988	\$ 3,178,824	\$ 9,641,468	\$ 246,240	\$ (2,465,000)	\$ 21,778,520

Charter Day School, Inc.
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 17,270,084
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	18,761,787
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	(36,545,135)
PPP Loan Forgiveness	1,619,601
Gain on sale	2,269,801
Rounding	1
Total changes in net position of governmental activities	<u><u>\$ 3,376,139</u></u>

Charter Day School, Inc.
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Funds		
	Columbus Charter School	Douglas Academy	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 69,989	\$ 55,541	\$ 125,530
Due from other governments	21,930	-	21,930
Accounts Receivable - other (net)	-	-	-
Inventories	-	-	-
Total current assets	91,919	55,541	147,460
Non-current assets:			
Capital assets:			
Furniture and office equipment, net	-	-	-
Food service equipment	-	-	-
Computer equipment, net	-	-	-
Total Non-current assets	-	-	-
Total assets	91,919	55,541	147,460
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	525	-	525
Due to other funds	-	-	-
Total current liabilities	525	-	525
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	525	-	525
NET POSITION			
Net invested in capital assets	-	-	-
Unrestricted	91,394	55,541	146,935
Total net position	\$ 91,394	\$ 55,541	\$ 146,935

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

Charter Day School, Inc.
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds		
	Columbus Charter School	Douglas Academy	Total
OPERATING REVENUES			
Lunch sales	\$ -	\$ -	\$ -
Before and after school revenue	-	21,424	21,424
Total operating revenues	-	21,424	21,424
OPERATING EXPENSES			
Purchase of food	-	-	-
Salaries and benefits	-	19,278	19,278
Contracted Services	378,179	-	378,179
Supplies and Materials	1,144	768	1,912
Other expenses	11,129	-	11,129
Total operating expenses	390,452	20,046	410,498
Operating income (loss)	(390,452)	1,378	(389,074)
NON-OPERATING REVENUES (EXPENSES)			
Federal Reimbursements	452,700	-	452,700
Transfers from other funds	-	19,359	19,359
Total non-operating revenue (expenses)	452,700	19,359	472,059
Income (loss) before contributions and transfers	62,248	20,737	82,985
Change in net position	62,248	20,737	82,985
Total net position- beginning	29,146	34,804	63,950
Total net position - ending	\$ 91,394	\$ 55,541	\$ 146,935

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

Charter Day School, Inc.
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds		
	Columbus	Douglas	
	Charter School	Academy	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 21,424	\$ 21,424
Cash paid for goods and services	(410,758)	(768)	(411,526)
Cash paid to employees for services	-	(19,278)	(19,278)
Net cash provided (used) by operating activities	(410,758)	1,378	(409,380)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal Reimbursements	452,700	-	452,700
Transfers	-	19,359	19,359
Net cash provided (used) by noncapital financing activities	452,700	19,359	472,059
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	41,942	20,737	62,679
Balances-beginning	28,047	34,804	62,851
Balances-ending	\$ 69,989	\$ 55,541	\$ 125,530
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (390,452)	\$ 1,378	\$ (389,074)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
Salaries paid by special revenue fund	-	-	-
Changes in assets and liabilities:			
Decrease in accounts receivable	(20,696)	-	(20,696)
Increase in inventory	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	390	-	390
Increase (decrease) in salaries and wages payable	-	-	-
Total adjustments	(20,306)	-	(20,306)
Net cash provided by operating activities	\$ (410,758)	\$ 1,378	\$ (409,380)

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of Charter Day School, Inc. (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. The School is considered a governmental organization because of the potential for its unilateral dissolution by the State with its net assets returning to a local education agency and therefore follows the governmental reporting model as used by local education agencies.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

Charter Day School, Inc. is a North Carolina non-profit corporation incorporated in August 1999. Pursuant to the provisions of Charter School Act of 1996 as amended (the "Act") Charter Day School, Inc., as the charter holder, has been approved to operate four charter schools: Charter Day School, Columbus Charter School, South Brunswick Charter School, and Douglass Academy (collectively, the "Schools"). The Schools are public schools with Charter Day School serving approximately 1037 students, Columbus Charter School serving 867 students, South Brunswick Charter School serving 479 students, and Douglass Academy serving 130 students. Each school operates under a separate charter agreement applied for under the provisions of North Carolina General Statute (hereafter "G.S.") 115C-218.1 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 grounds sent 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 Charter Day School, June 30, 2027 for Columbus Charter School, June 30, 2029 for South Brunswick Charter School, and June 30, 2023 for Douglass Academy. 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.

Charter Day School, 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

Charter Day School, 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 the audit requirements established by G.S. 115C-447.

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments ("GASB 34"), Charter Day School, 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 Schools. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Schools 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 governmental funds were 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.

Charter Day School, Inc. reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of Charter Day, Inc. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds. Charter Day School, Columbus Charter School, South Brunswick Charter School, and Douglass Academy 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 from various counties and other support of Charter Day School, Inc.'s programs.

State Public School Subfund. The State Public School Subfund includes appropriations from 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.

The School reports the following major enterprise funds:

Enterprise Funds. Columbus Charter School and Douglass Academy enterprise funds account for the school food service and before and after school.

School Food Service Subfund. The School Food Service Subfund accounts for the food service programs within each of the schools.

Before and After School Subfund. The Before and After School Subfund accounts for the before and after school programs within each of the schools.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. 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 value given (or received) 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.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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 Schools consider 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 Schools fund certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is 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 School at June 30, 2021. All appropriations lapse at year-end.

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

1. Deposits and Investments

All deposits of the Schools are made in local banks; 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 capital expenses.

4. Prepaid Items

Certain payments to vendors reflect costs 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

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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
Vehicle	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 Schools have no items that meet this criterion. 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 Schools have no items that meet the criterion.

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 statement 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 off 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, net of related debt; 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 balances

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.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

The governmental fund types classify fund balances as follows:

Nonspendable 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 – That portion of fund balance that is not an available resource because it represents the year-end balance of inventories, which are not spendable resources.

Prepaid Items – That portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses 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 – The amount 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 – The portion of fund balance that Charter Day School, Inc. intends to use for specific purposes.

Subsequent year's expenditures – The amount of unassigned fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Board of Trustees to modify the appropriations by resource or appropriation within funds up to \$5,000.

Assigned for Clubs and Activities funds - Revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were 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.

Charter Day School, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Board of Trustees 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 Board of Trustees has the authority to deviate from this policy if it is in the best interest of the School.

10. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between the total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(12,486,848) consists of several elements as follows:

Charter Day School, Inc.
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For the Fiscal Year Ended June 30, 2021

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 29,017,514
Less accumulated depreciation	(732,659)
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:	
Long-term notes payable	<u>(40,771,703)</u>
Total adjustment	<u>\$ (12,486,848)</u>

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of \$(13,893,945) between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 19,289,796
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(528,009)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	4,226,568
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 position.	(40,771,703)
PPP Loan Forgiveness	1,619,601
Gain on Sale	2,269,801
Rounding	<u>1</u>
Total	<u>\$ (13,893,945)</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Schools are funded by the State Board of Education, 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)]. 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 Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year. [G.S. 115C-238.29H(b)]. For the fiscal year ended June 30, 2021, the Schools received funding from the Boards of Education for Bladen, Brunswick, Columbus, Cumberland, Duplin, New Hanover, Pender, Robeson, and Whiteville counties.

Furthermore, Charter Day School, Inc. has received donations of cash and/or equipment from various private organizations. The cash has been used for the purchase of new equipment for the School's facilities.

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, 2021, the Schools had deposits with banks and savings and loans with a carrying amount of \$21,933,169. The bank balance with the financial institutions was \$21,968,367 of which \$1,000,000 was covered by the Federal Deposit Insurance Corporation. The remaining \$20,968,367 was a credit risk at June 30, 2021. The School invests excess funds overnight in U.S. government securities in accordance with its deposit policy for custodial credit risk.

2. Capital Assets

Capital assets for governmental activities for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Charter Day School</u>				
Capital assets being depreciated:				
Equipment	\$ 162,336	\$ -	\$ 162,336	\$ -
Playground Equipment	5,724	-	5,724	-
Vehicles	184,176	-	184,176	-
Total capital assets being depreciated	352,236	-	352,236	-
Less accumulated depreciation for:				
Equipment	91,742	-	91,742	-
Playground Equipment	5,724	-	5,724	-
Vehicles	25,167	-	25,167	-
Total accumulated depreciation	122,633	\$ -	\$ 122,633	-
Total capital assets being depreciated, net	229,603			-
Governmental activity capital assets, net	<u>\$ 229,603</u>			<u>\$ -</u>

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>South Brunswick Charter School</u>				
Capital assets not being depreciated:				
Land	\$ 292,233	\$ -	\$ 292,233	\$ -
Land Improvements	2,161,387	-	2,161,387	-
Total capital assets not being depreciated	2,453,620	-	2,453,620	-
Capital assets being depreciated:				
Buildings	2,066,754	-	2,066,754	-
Building improvements	2,128,353	-	2,128,353	-
Leasehold improvements	-	19,400	-	19,400
Vehicles	-	11,396	-	11,396
Textbooks	82,596	-	82,596	-
Total capital assets being depreciated	4,277,703	30,796	4,277,703	30,796
Less accumulated depreciation for:				
Buildings	182,451	-	182,451	-
Building improvements	256,136	-	256,136	-
Leasehold improvements	-	862	-	862
Vehicles	-	814	-	814
Textbooks	67,146	-	67,146	-
Total accumulated depreciation	505,733	\$ 1,676	\$ 505,733	1,676
Total capital assets being depreciated, net	3,771,970			29,120
Governmental activity capital assets, net	<u>\$ 6,225,590</u>			<u>\$ 29,120</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Columbus Charter School</u>				
Capital assets being depreciated:				
Building Improvements	\$ 57,200	\$ -	\$ 57,200	\$ -
Equipment	-	89,221	-	89,221
Vehicles	474,069	257,708	474,069	257,708
Total capital assets being depreciated	531,269	346,929	531,269	346,929
Less accumulated depreciation for:				
Building Improvements	36,623	-	36,623	-
Equipment	-	814	-	814
Vehicles	60,142	-	60,142	-
Total accumulated depreciation	96,765	\$ 814	\$ 96,765	814
Total capital assets being depreciated, net	434,504			346,115
Governmental activity capital assets, net	<u>\$ 434,504</u>			<u>\$ 346,115</u>

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Douglass Academy</u>				
Capital assets being depreciated:				
Leasehold	\$ 406,550	\$ -	\$ -	\$ 406,550
Textbooks	65,416	-	-	65,416
Vehicle	96,252	-	-	96,252
Total capital assets being depreciated	568,218	-	-	568,218
Less accumulated depreciation for:				
Leasehold	84,458	18,702	-	103,160
Textbooks	51,921	13,661	-	65,582
Vehicle	68,271	7,552	-	75,823
Total accumulated depreciation	204,650	\$ 39,915	\$ -	244,565
Total capital assets being depreciated, net	363,568			323,653
Governmental activity capital assets, net	<u>\$ 363,568</u>			<u>\$ 323,653</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Southport Charter Campus, LLC</u>				
Capital assets not being depreciated:				
Land	\$ -	\$ 328,714	\$ -	\$ 328,714
Construction in progress	-	315,939	-	315,939
Land Improvements	-	2,161,387	-	2,161,387
Total capital assets not being depreciated	-	2,806,040	-	2,806,040
Capital assets being depreciated:				
Buildings	-	1,810,618	-	1,810,618
Building improvements	-	1,945,902	-	1,945,902
Textbooks	-	15,450	-	15,450
Total capital assets being depreciated	-	3,771,970	-	3,771,970
Less accumulated depreciation for:				
Buildings	-	46,426	-	46,426
Building improvements	-	51,126	-	51,126
Vehicles	-	3,090	-	3,090
Total accumulated depreciation	-	\$ 100,642	\$ -	100,642
Total capital assets being depreciated, net	-			3,671,328
Governmental activity capital assets, net	<u>\$ -</u>			<u>\$ 6,477,368</u>

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Leland Charter, LLC</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 422,560	\$ -	\$ 422,560
Land	-	191,306	-	191,306
Total capital assets not being depreciated:	-	613,866	-	613,866
Capital assets being depreciated:				
Buildings	-	6,167,576	-	6,167,576
Building improvements	-	3,022,424	-	3,022,424
Equipment	-	70,594	-	70,594
Vehicles	-	159,009	-	159,009
Total capital assets being depreciated	-	9,419,603	-	9,419,603
Less accumulated depreciation for:				
Buildings	-	92,250	-	92,250
Building improvements	-	38,749	-	38,749
Equipment	-	10,085	-	10,085
Vehicles	-	22,716	-	22,716
Total accumulated depreciation	-	\$ 163,800	\$ -	163,800
Total capital assets being depreciated, net	-			9,255,803
Governmental activity capital assets, net	\$ -			\$ 9,869,669

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<u>Columbus Charter, LLC</u>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 99,590	\$ -	\$ 99,590
Land	-	405,998	-	405,998
Total capital assets not being depreciated:	-	505,588	-	505,588
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	-	102,844	-	102,844
Building Improvements	-	54,507	-	54,507
Equipment	-	4,679	-	4,679
Vehicles	-	59,132	-	59,132
Total accumulated depreciation	-	\$ 221,162	\$ -	221,162
Total capital assets being depreciated, net	-			10,733,342
Governmental activity capital assets, net	\$ -			\$ 11,238,930
Total Capital Assets				\$ 28,284,855

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Depreciation expense charged to governmental functions totaled \$524,754 as follows:

<u>South Brunswick Charter School</u>	
Instructional Programs	\$ 1,257
Supporting Services	419
	<u>\$ 1,676</u>
<u>Columbus Charter School</u>	
Instructional Programs	\$ 611
Supporting Services	203
	<u>\$ 814</u>
<u>Douglass Academy</u>	
Instructional Programs	\$ 29,936
Supporting Services	9,979
	<u>\$ 39,915</u>
<u>Leland Charter, LLC</u>	
Instructional Programs	\$ 122,850
Supporting Services	40,950
	<u>\$ 163,800</u>
<u>Southport Charter Campus, LLC</u>	
Instructional Programs	\$ 75,482
Supporting Services	25,160
	<u>\$ 100,642</u>
<u>Columbus Charter, LLC</u>	
Instructional Programs	\$ 165,871
Supporting Services	55,291
	<u>\$ 218,437</u>
<u>Charter Day School, Inc.</u>	
Instructional Programs	\$ 396,007
Supporting Services	132,002
	<u>\$ 528,009</u>

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The Schools maintained a 401(k) retirement plan for the benefit of its employees for fiscal year 2020. The Schools will match up to a maximum of 3% of the employee's gross salary. All employees who are employed by the Schools and have reached the age of 18, except substitute teachers, are eligible to participate in the plan. Employees may contribute an unlimited portion of their salary into the retirement plan, with tax deductible amounts up to the amounts allowable by the Internal Revenue Service. Charter Day School, Inc. made all required contributions. For the year ended June 30, 2021, the retirement cost for the 401(k) plan to the School was \$238,543 with employees contributing \$430,754.

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.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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 statement 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.

Douglass Academy

On July 8, 2013, Douglass Academy obtained a direct placement note from Charter Day School, 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, 2023 in the form of a lump sum payment. The note was obtained to assist with construction costs.

On September 13, 2013, Douglass Academy obtained a direct placement note from Charter Day School, 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, 2023 in the form of a lump sum payment. The note was obtained to assist with construction costs.

On April 30, 2015, Douglass Academy obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$100,000. The note was obtained to assist with facilities development.

On June 3, 2015, Douglass Academy obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$150,000. The note was obtained to assist with facilities development.

On June 24, 2015, Douglass Academy obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$85,000. The note was obtained to assist with facilities development.

No payments were made to Charter Day School, Inc. during the year ended June 30, 2021. A balance of \$535,000 remained due to Charter Day School, Inc. as of year-end.

South Brunswick

On May 6, 2014, South Brunswick obtained a direct placement note from Charter Day School, 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, South Brunswick obtained a direct placement note Charter Day School, 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, South Brunswick obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$99,000. The note was obtained to assist with construction costs. The note is interest free and maturity dates have not been determined.

On June 24, 2016, South Brunswick obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$1,081,000. The note was obtained to assist with construction costs. The note is interest free and maturity dates have not been determined.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

On July 19, 2017, South Brunswick obtained a direct placement note from Charter Day School, Inc. with a principal balance of \$100,000. The note was obtained to assist with construction costs. The note is interest free and maturity dates have not been determined

No payments were made to Charter Day School, Inc. during the year ended June 30, 2021. A balance of \$1,930,000 remained due to Charter Day School, Inc. as of year-end.

On June 30, 2017, South Brunswick obtained a direct placement note from Columbus Charter School with a principal balance of \$500,000. The note was obtained to assist with construction costs. The note is interest free and maturity dates have not been determined. The note was paid off during the year ended June 30, 2021.

On February 12, 2015 Charter Day School, Inc. obtained a direct borrowing note on behalf of South Brunswick Charter from First Bank with a principal balance of \$2,996,000 with interest at a rate of 4.00%. Payments began on March 12, 2015 with interest only payments for the first 12 months followed by monthly payments in the amount of \$18,240. The remaining principal will be due on or before February 12, 2026 in the form of a lump sum payment. The note was obtained to assist with construction costs. The note was paid off during the year ended June 30, 2021.

On April 27, 2017 Charter Day School, Inc. obtained a direct borrowing note on behalf of South Brunswick Charter from First Bank with a principal balance of \$1,817,000 with interest at a rate of 4.00%. Payments began on April 27, 2018 with interest only payments for the first 12 months followed by monthly payments in the amount of \$11,065. The principal will be due on or before May 9, 2028 in the form of a lump sum payment. The note was obtained to assist with construction costs. The note was paid off during the year ended June 30, 2021.

On April 20, 2020, Charter Day School, Inc. entered into a direct placement from a bank for \$1,619,600 in SBA funds plus interest at 1% evidenced by an unsecured note with a 24-month term. The note may be forgiven if qualifying expenditures are incurred to protect payroll. The loan was obtained through the Payroll Protection Program. The full amount of the loan was forgiven during the year ended June 30, 2021.

b. Daimler Bus Loan

The School entered into a direct borrowing agreement from Daimler Truck Financial on August 14, 2015 for \$93,689. The School borrowed this money in order to cover the cost of a new school bus. The loan carries a 3.99% interest rate and requires fixed principal and interest payments until August 13, 2020, when all principal and interest is due. The loan was paid off during the year ended June 30, 2021.

c. 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 Campus, LLC on December 1, 2020. The proceeds of the 2020 bonds were loaned to Leland Charter, LLC, Columbus Charter, LLC and Southport Charter Campus, 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 Bonds, 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 School's will be used to repay the bonds.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

For the Year Ended June 30:	2020A		
	Total	Principal	Interest
2022	\$ 1,829,066	\$ -	\$ 1,829,066
2023	1,946,137	120,000	1,826,137
2024	2,252,613	430,000	1,822,613
2025	2,253,500	452,500	1,801,000
2026	2,253,375	475,000	1,778,375
2027-2031	11,275,625	2,765,000	8,510,625
2032-2036	11,292,500	3,547,500	7,745,000
2037-2041	11,317,250	4,555,000	6,762,250
2042-2046	11,354,750	5,855,000	5,499,750
2047-2051	11,389,250	7,510,000	3,879,250
2052-2055	12,600,750	10,860,000	1,740,750
Total	<u>\$ 79,764,816</u>	<u>\$ 36,570,000</u>	<u>\$ 43,194,816</u>

For the Year Ended June 30:	2020B		
	Total	Principal	Interest
2022	\$ 222,398	\$ 197,500	\$ 24,898
2023	304,957	287,500	17,457
Total	<u>\$ 527,355</u>	<u>\$ 485,000</u>	<u>\$ 42,355</u>

For the Year Ended June 30:	2020A Premium		
	Total	Principal	Interest
2022	\$ 185,835	\$ -	\$ 185,835
2023	242,155	56,320	185,835
2024	295,646	112,627	183,019
2025	290,015	112,627	177,388
2026	284,383	112,627	171,756
2027-2031	1,337,447	563,135	774,312
2032-2036	1,196,663	563,135	633,528
2037-2041	1,055,880	563,135	492,745
2042-2046	915,096	563,135	351,961
2047-2051	774,312	563,135	211,177
2052-2055	576,375	506,827	69,548
Total	<u>\$ 7,153,807</u>	<u>\$ 3,716,703</u>	<u>\$ 3,437,104</u>

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

The School is required to meet a debt coverage ratio of 1.00 or above for any fiscal year, commencing with the year ending June 30, 2021 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.

Change in net position (pg.22)	\$ 3,459,124
Plus: depreciation	528,009
Plus: interest (pg. 22)	<u>933,408</u>
Current year net income available for debt payments	<u>4,920,541</u>
Maximum annual lease payments	2,251,500
Maximum annual debt service (not including payments to Series 2020 bonds)	<u>-</u>
Coverage ratio	2.19

The School is 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.21)	\$ 5,288,743
Total Expenses (pg. 22)	<u>27,861,421</u>
Operating Expenses	27,861,421
Operating expenses divided by 365, multiply by 45	<u>3,434,970</u>
Surplus Cash	<u><u>\$ 1,853,773</u></u>

d. Changes in Long-Term Obligations

The following is a summary of changes in Charter Day School, Inc.'s long term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
Notes from direct borrowings and direct placements					
CDS, Inc. First Bank (5734)	\$ 2,534,054	\$ -	\$ 2,534,054	\$ -	\$ -
CDS, Inc. First Bank (6780)	1,689,092	-	1,689,092	-	-
CDS, Inc. PPP Loan	1,619,600	-	1,619,600	-	-
Bonds payable 2020A	-	36,570,000	-	36,570,000	-
Bonds payable 2020B	-	485,000	-	485,000	197,500
Bonds payable 2020A premium	-	3,716,703	-	3,716,703	185,835
Damier Bus Loan	3,421	-	3,421	-	-
Total	<u>\$ 5,846,167</u>	<u>\$ 40,771,703</u>	<u>\$ 5,846,167</u>	<u>\$ 40,771,703</u>	<u>\$ 383,335</u>

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

	Balance			Balance	Current
	July 1, 2020	Increases	Decreases	June 30, 2021	Portion
Governmental Activities:					
Notes from interdivisional loans					
South Brunswick Charter School Loan	\$ 2,430,000	\$ -	\$ 500,000	\$ 1,930,000	\$ -
Douglass Academy Loan	535,000	-	-	535,000	-
Total	\$ 2,965,000	\$ -	\$ 500,000	\$ 2,465,000	\$ -

e. General Long-Term Obligations

The following is a summary of each LLC's long-term obligations at June 30, 2021:

	Southport Charter Campus, LLC		Columbus Charter, LLC		Leland Charter, LLC	
	Ending Balance	Current Portion	Ending Balance	Current Portion	Ending Balance	Current Portion
Governmental Activities:						
Bonds payable 2020A	\$ 12,433,800	\$ -	\$ 10,971,000	\$ -	\$ 13,165,200	\$ -
Bonds payable 2020B	164,900	67,150	145,500	59,250	174,600	71,100
Bonds payable 2020A Premium	1,263,679	-	1,115,011	-	1,338,013	-
Total	\$ 13,862,379	\$ 67,150	\$ 12,231,511	\$ 59,250	\$ 14,677,813	\$ 71,100

4. Capital Lease

Capital Lease – Related Party

The School entered into three capital lease agreements on December 1, 2020 for facility rental from Columbus Charter, LLC, Leland Charter, LLC and Southport Charter Campus, 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 School paid \$844,582 in interest under these lease agreements for the year ended June 30, 2021. Future Lease payments are included in the schedule below.

For the Year Ended June 30:	Total	Principal	Interest
2022	\$ 2,051,464	\$ 197,500	\$ 1,853,964
2023	2,251,094	407,500	1,843,594
2024	2,252,613	430,000	1,822,613
2025	2,253,500	452,500	1,801,000
2026	2,253,375	475,000	1,778,375
2027-2031	11,275,625	2,765,000	8,510,625
2032-2036	11,292,500	3,547,500	7,745,000
2037-2041	11,317,250	4,555,000	6,762,250
2042-2046	11,354,750	5,855,000	5,499,750
2047-2051	11,389,250	7,510,000	3,879,250
2052-2055	12,600,750	10,860,000	1,740,750
Total	\$ 80,292,171	\$ 37,055,000	\$ 43,237,171

C. Transfers

The general fund transferred \$19,359 to the food service fund to fund food costs.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

D. Fund Balance

Charter Day School, Inc. has a revenue spending policy that provides for programs with multiple revenue sources. The Board of Trustees will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Charter Day School, Inc. 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 Board of Trustees 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	\$ 21,778,520
Less:	
Prepaid Items	166,278
Debt Service	2,243,500
Unspent Bond Proceeds	14,400,926
Remaining Fund Balance	\$ 4,967,816

IV. Related Party Transactions

Charter Day School, Inc.

Charter Day School, Inc. issued non interest bearing notes totaling \$1,930,000 to South Brunswick Charter School. South Brunswick Charter has the same Board of Directors as Charter Day School, Inc. Charter Day School, Inc. issued non interest bearing notes totaling \$735,000 to Douglass Academy. The funds from these notes were used for facilities development. At June 30, 2021, South Brunswick Charter School owed Charter Day School, Inc. \$1,930,000 and Douglass Academy owed Charter Day School, Inc. \$535,000.

Charter Day School

On July 18, 2001, Charter Day School 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 Charter Day School, State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2021, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of \$1,855,203. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

Columbus Charter School

Columbus Charter School 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, Columbus Charter School entered into an agreement with Roger Bacon Academy for management and faculty services. Roger Bacon Academy 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 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 Columbus Charter School, State Board of

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Education and the Internal Revenue Service. During the fiscal year ended June 30, 2021, management and administration fees were paid to Roger Bacon Academy in the amount of \$1,492,240. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

South Brunswick Charter School

On July 1, 2014, South Brunswick Charter School entered into an agreement with Roger Bacon Academy for management and faculty services. Roger Bacon Academy 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 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 South Brunswick Charter School, State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2021, management and administration fees were paid to Roger Bacon Academy in the amount of \$875,412. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

Douglass Academy

On July 1, 2013, Douglass Academy entered into an agreement with Roger Bacon Academy for management and faculty services. Roger Bacon Academy 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 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 Douglass Academy, State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2021, management and administration fees were paid to Roger Bacon Academy in the amount of \$259,504. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

V. 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.

COVID-19 Contingencies

During the year ended June 30, 2021, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 outbreak is ongoing as of June 30, 2021, and additional impact on operational and financial performance may occur.

VI. Subsequent Events

The School has evaluated subsequent events from the date of the balance sheet through the date of the independent auditors' report which is the date the financial statements are available to be issued. The School has not evaluated subsequent events after that date. There were no subsequent events requiring disclosure.

Charter Day School, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

VII. Management Company

Charter Day School paid Roger Bacon Academy, Inc., their managing agent, for the following services during the fiscal year ended June 30, 2021:

<u>Roger Bacon Academy, Inc.</u>	<u>Amount</u>
Management & Administrative Fees	\$1,855,203
Rent	<u>483,355</u>
Total	<u>\$2,338,558</u>

Columbus Charter School paid Roger Bacon Academy, Inc., their managing agent, for the following services during the fiscal year ended June 30, 2021:

<u>Roger Bacon Academy, Inc.</u>	<u>Amount</u>
Management & Administrative Fees	\$1,492,240
Rent	<u>484,576</u>
Total	<u>\$1,976,816</u>

South Brunswick Charter School paid Roger Bacon Academy, Inc., their managing agent, for the following services during the fiscal year ended June 30, 2021:

<u>Roger Bacon Academy, Inc.</u>	<u>Amount</u>
Management & Administrative Fees	<u>\$875,412</u>
Total	<u>\$875,412</u>

Douglass Academy paid Roger Bacon Academy, Inc., their managing agent, for the following services during the fiscal year ended June 30, 2021:

<u>Roger Bacon Academy, Inc.</u>	<u>Amount</u>
Management & Administrative Fees	<u>\$259,504</u>
Total	<u>\$259,504</u>

VIII. Pending or Threatened Litigation, Claims and Assessments

During the year ended June 30, 2016, a claim was placed against Charter Day School, Inc. regarding the uniform dress code. The Plaintiff's through the ACLU are requesting attorney fees which are estimated to run over \$900,000 if the defense is unsuccessful. However, the outcome at this point is unknown.

VIV. Loan Forgiveness

During the fiscal year, the Schools received loan forgiveness for the direct borrowing agreement of the Paycheck Protection Program loan. The entire balance of \$1,619,601 was approved for forgiveness and the balance at June 30, 2021 is \$0.

Charter Day School, Inc.
Non-major Governmental Subfunds
Balance Sheet
June 30, 2021

Statement 1

	Special Revenue Funds
	Federal Grants Subfund
Assets	
Cash and cash equivalents	\$ -
Due from other governments	-
Total assets	<u>\$ -</u>
 Liabilities and Fund Balances	
Liabilities:	
Accrued salaries and wages payable	\$ -
Total liabilities	<u>-</u>
Fund balances	<u>-</u>
Total liabilities and fund equity	<u>\$ -</u>

Charter Day School, Inc.
 Non-major Governmental Subfund
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds
	Federal Grants Subfund
Revenues:	
U.S. Government:	
Title I, Basic	\$ 628,840
IDEA VI-B Targeted Assistance	1,473
IDEA - VI B Handicapped	440,227
IDEA Preschool Handicapped	13,728
Supporting Effective Instruction	146,603
Student Support	98,350
Cares Act - K12 Emergency Relief	331,954
Digital Curricula	15,954
Equitable Services	602
GEER - SIS	1,912
ESSER II	91,022
Total revenues	<u>1,770,665</u>
Expenditures:	
Current:	
Instructional programs:	
Regular Programs	-
Special programs	1,770,665
Total	<u>1,770,665</u>
Support services:	
Pupil services	-
Instructional staff services	-
General administrative	-
School administrative	-
Club and activity expenditures	-
Total	<u>-</u>
Total expenditures	<u>1,770,665</u>
Revenues over expenditures	<u>-</u>
Fund balances:	
Beginning of year, July 1	-
End of year, June 30	<u><u>\$ -</u></u>

COMBINING STATEMENTS

Charter Day School, Inc.
Combining Balance Sheet by Governmental Subfund
June 30, 2021

	Charter Day School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
ASSETS					
Cash and cash equivalents	\$ 3,127,917	\$ -	\$ -	\$ 17,109	\$ 3,145,026
Restricted cash - debt service	-	-	-	807,660	807,660
Restricted cash - unspent bond proceeds	-	-	-	4,783,949	4,783,949
Due from other governments	2,652	-	-	-	2,652
Accounts Receivable - other (net)	34,813	-	-	-	34,813
Due from capital outlay fund	84,000	-	-	-	84,000
Total assets	<u>\$ 3,249,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,608,718</u>	<u>\$ 8,858,100</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	\$ 62,112	\$ -	\$ -	\$ -	\$ 62,112
Due to local fund	-	-	-	84,000	84,000
Total liabilities	<u>62,112</u>	<u>-</u>	<u>-</u>	<u>84,000</u>	<u>146,112</u>
Fund balances:					
Restricted for debt service	-	-	-	807,660	807,660
Restricted for unspent bond proceeds	-	-	-	4,783,949	4,783,949
Unassigned:	3,187,270	-	-	(66,891)	3,120,379
Total fund balances	<u>3,187,270</u>	<u>-</u>	<u>-</u>	<u>5,524,718</u>	<u>8,711,988</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,249,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,608,718</u>	<u>\$ 8,858,100</u>

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures, and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2021

	Charter Day School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
REVENUES					
State of North Carolina	\$ -	\$ 6,751,695	\$ -	\$ -	\$ 6,751,695
Local education agencies	3,228,351	-	-	-	3,228,351
U.S. Government	-	-	652,209	-	652,209
Contributions	35,500	-	-	-	35,500
Miscellaneous, unrestricted	550,593	-	-	304,322	854,915
Total revenues	<u>3,814,444</u>	<u>6,751,695</u>	<u>652,209</u>	<u>304,322</u>	<u>11,522,670</u>
EXPENDITURES					
Current:					
Instructional programs	955,413	5,698,615	652,209	-	7,306,237
Support services	2,196,858	1,053,080	-	445,082	3,695,020
Capital outlay	-	-	-	8,708,285	8,708,285
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	304,050	304,050
Total expenditures	<u>3,152,271</u>	<u>6,751,695</u>	<u>652,209</u>	<u>9,457,417</u>	<u>20,013,592</u>
Excess (deficiency) of revenues over (under) expenditures	662,173	-	-	(9,153,095)	(8,490,922)
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds	-	-	-	14,677,813	14,677,813
Transfers from other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,677,813</u>	<u>14,677,813</u>
Net change in fund balance	662,173	-	-	5,524,718	6,186,891
Fund balances-beginning	2,525,097	-	-	-	2,525,097
Fund balances-ending	<u>\$ 3,187,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,524,718</u>	<u>\$ 8,711,988</u>

Charter Day School, Inc.
Combining Balance Sheet by Governmental Subfund
June 30, 2021

	Columbus Charter School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
ASSETS					
Cash and cash equivalents	\$ 1,100,667	\$ -	\$ -	\$ 25,481	\$ 1,126,148
Restricted cash - debt service	-	-	-	673,050	673,050
Restricted cash - unspent bond proceeds	-			1,392,160	1,392,160
Due from other governments	21,924	-	-	-	21,924
Accounts Receivable - other (net)	8	-	-	-	8
Prepaid expenses	97,168	-	-	-	97,168
Due from capital outlay fund	82,500	-	-	-	82,500
Total assets	<u>\$ 1,302,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090,691</u>	<u>\$ 3,392,958</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	\$ 131,634	\$ -	\$ -	\$ -	\$ 131,634
Due to local fund	-	-	-	82,500	82,500
Total liabilities	<u>131,634</u>	<u>-</u>	<u>-</u>	<u>82,500</u>	<u>214,134</u>
Fund balances:					
Nonspendable: prepaid expenses	97,168	-	-	-	97,168
Restricted for debt service	-	-	-	673,050	673,050
Restricted for unspent bond proceeds	-	-	-	1,392,160	1,392,160
Unassigned:	1,073,465	-	-	(57,019)	1,016,446
Total fund balances	<u>1,170,633</u>	<u>-</u>	<u>-</u>	<u>2,008,191</u>	<u>3,178,824</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,302,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090,691</u>	<u>\$ 3,392,958</u>

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures, and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2021

	Columbus Charter School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
REVENUES					
State of North Carolina	\$ -	\$ 6,758,446	\$ -	\$ -	\$ 6,758,446
Local education agencies	756,837	-	-	-	756,837
U.S. Government	-	-	744,839	-	744,839
Contributions	6,500	-	-	-	6,500
Miscellaneous, unrestricted	5,167	-	-	253,602	258,769
Total revenues	<u>768,504</u>	<u>6,758,446</u>	<u>744,839</u>	<u>253,602</u>	<u>8,525,391</u>
EXPENDITURES					
Current:					
Instructional programs	231,885	4,554,305	744,839	-	5,531,029
Support services	387,756	2,204,141	-	372,179	2,964,076
Capital outlay	346,928	-	-	9,851,368	10,198,296
Debt service:					-
Principal	-	-	-	-	-
Interest and other charges	-	-	-	253,375	253,375
Total expenditures	<u>966,569</u>	<u>6,758,446</u>	<u>744,839</u>	<u>10,476,922</u>	<u>18,946,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(198,065)</u>	<u>-</u>	<u>-</u>	<u>(10,223,320)</u>	<u>(10,421,385)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds	-	-	-	12,231,511	12,231,511
Transfers from other funds	500,000	-	-	-	500,000
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>12,231,511</u>	<u>12,731,511</u>
Net change in fund balance	301,935	-	-	2,008,191	2,310,126
Fund balances-beginning	868,698	-	-	-	868,698
Fund balances-ending	<u>\$ 1,170,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,008,191</u>	<u>\$ 3,178,824</u>

Charter Day School, Inc.
Combining Statement of Net Position by Proprietary Subfund
June 30, 2021

	<u>Columbus Charter School</u>
	<u>Enterprise Activities</u>
	<u>School Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 69,989
Due from other governments	21,930
Accounts Receivable - other (net)	-
Inventories	-
Total current assets	<u>91,919</u>
Non-current assets:	
Capital assets:	
Furniture and office equipment, net	-
Food service equipment	-
Computer equipment, net	-
Total Non-current assets	<u>-</u>
Total assets	<u>91,919</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	525
Due to other funds	-
Total current liabilities	<u>525</u>
Long-term liabilities:	
Due within one year	-
Due in more than one year	-
Total long-term liabilities	<u>-</u>
Total liabilities	<u>525</u>
NET POSITION	
Net invested in capital assets	-
Unrestricted	91,394
Total net position	<u>\$ 91,394</u>

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures and Changes in Subfund Net Position
For the Year Ended June 30, 2021

	<u>Columbus Charter School</u>
	<u>Enterprise Activities</u>
	<u>School Food Service</u>
OPERATING REVENUES	
Lunch sales	\$ -
Before and after school revenue	-
Total operating revenues	<u>-</u>
OPERATING EXPENSES	
Purchase of food	-
Salaries and benefits	-
Contracted Services	378,179
Supplies and Materials	1,144
Other expenses	11,129
Total operating expenses	<u>390,452</u>
Operating income (loss)	<u>(390,452)</u>
NON-OPERATING REVENUES (EXPENSES)	
Federal Reimbursements	452,700
Transfers from other funds	-
Total non-operating revenue (expenses)	<u>452,700</u>
Income (loss) before contributions and transfers	<u>62,248</u>
Change in net position	62,248
Total net position- beginning	29,146
Total net position - ending	<u>\$ 91,394</u>

Charter Day School, Inc.
Combining Statement of Cash Flows by Proprietary Subfund
For the Year Ended June 30, 2021

	<u>Columbus Charter School Enterprise Activities</u>	<u>School Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ -	
Cash paid for goods and services	(410,758)	
Cash paid to employees for services	-	
Net cash provided (used) by operating activities	<u>(410,758)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Reimbursements	452,700	
Transfers	-	
Net cash provided (used) by noncapital financing activities	<u>452,700</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	-	
Acquisition of capital assets	-	
Net cash (used) by capital and related financing activities	<u>-</u>	
Net increase (decrease) in cash and cash equivalents	41,942	
Balances-beginning	28,047	
Balances-ending	<u>\$ 69,989</u>	
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (390,452)	
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	
Salaries paid by special revenue fund	-	
Changes in assets and liabilities:		
Decrease in accounts receivable	(20,696)	
Increase in inventory	-	
Increase (decrease) in accounts payable and accrued liabilities	390	
Increase (decrease) in salaries and wages payable	-	
Total adjustments	<u>(20,306)</u>	
Net cash provided by operating activities	<u>\$ (410,758)</u>	

Charter Day School, Inc.
Combining Balance Sheet by Governmental Subfund
June 30, 2021

	South Brunswick Charter School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
ASSETS					
Cash and cash equivalents	\$ 631,425	\$ -	\$ -	\$ 18,894	\$ 650,319
Restricted cash - debt service	-	-	-	762,790	762,790
Restricted cash - unspent bond proceeds	-	-	-	8,224,817	8,224,817
Due from other governments	2,072	-	-	-	2,072
Prepaid expenses	53,640	-	-	-	53,640
Due from capital outlay fund	83,500	-	-	-	83,500
Total assets	<u>\$ 770,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,006,501</u>	<u>\$ 9,777,138</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable - trade	\$ 52,170	\$ -	\$ -	\$ -	\$ 52,170
Due to local fund	-	-	-	83,500	83,500
Total liabilities	<u>52,170</u>	<u>-</u>	<u>-</u>	<u>83,500</u>	<u>135,670</u>
Fund balances:					
Nonspendable: prepaid expenses	53,640	-	-	-	53,640
Restricted for debt service	-	-	-	762,790	762,790
Restricted for unspent bond proceeds	-	-	-	8,224,817	8,224,817
Unassigned:	664,827	-	-	(64,606)	600,221
Total fund balances	<u>718,467</u>	<u>-</u>	<u>-</u>	<u>8,923,001</u>	<u>9,641,468</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 770,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,006,501</u>	<u>\$ 9,777,138</u>

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures, and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2021

	South Brunswick Charter School				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
REVENUES					
State of North Carolina	\$ -	\$ 3,078,015	\$ -	\$ -	\$ 3,078,015
Local education agencies	1,666,761	-	-	-	1,666,761
U.S. Government	61,631	-	185,143	-	246,774
Contributions	9,200	-	-	-	9,200
Miscellaneous, unrestricted	1,832	-	-	287,415	289,247
Total revenues	1,739,424	3,078,015	185,143	287,415	5,289,997
EXPENDITURES					
Current:					
Instructional programs	581,041	2,147,519	185,143	-	2,913,703
Support services	692,171	824,340	-	421,788	1,938,299
Capital outlay	30,796	-	-	352,419	383,215
Debt service:					-
Principal	21,186	36,533	-	4,165,428	4,223,147
Interest and other charges	19,184	69,623	-	287,158	375,965
Total expenditures	1,344,378	3,078,015	185,143	5,226,793	9,834,329
Excess (deficiency) of revenues over (under) expenditures	395,046	-	-	(4,939,378)	(4,544,332)
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds	-	-	-	13,862,379	13,862,379
Transfers from other funds	(500,000)	-	-	-	(500,000)
Total other financing sources (uses)	(500,000)	-	-	13,862,379	13,362,379
Net change in fund balance	(104,954)	-	-	8,923,001	8,818,047
Fund balances-beginning	823,421	-	-	-	823,421
Fund balances-ending	\$ 718,467	\$ -	\$ -	\$ 8,923,001	\$ 9,641,468

Charter Day School, Inc.
Combining Balance Sheet by Governmental Subfund
June 30, 2021

	Douglass Academy			
	County and Other	State Public School	Federal Grants	Fund Total
ASSETS				
Cash and cash equivalents	\$ 241,720	\$ -	\$ -	\$ 241,720
Due from other governments	662	-	-	662
Prepaid expenses	15,470	-	-	15,470
Total assets	<u>\$ 257,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,852</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable - trade	\$ 11,612	\$ -	\$ -	\$ 11,612
Total liabilities	<u>11,612</u>	<u>-</u>	<u>-</u>	<u>11,612</u>
Fund balances:				
Nonspendable: prepaid expenses	15,470	-	-	15,470
Unassigned:	230,770	-	-	230,770
Total fund balances	<u>246,240</u>	<u>-</u>	<u>-</u>	<u>246,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 257,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,852</u>

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures, and Changes in Governmental Subfund Balances
For the Year Ended June 30, 2021

	Douglass Academy			
	County and Other	State Public School	Federal Grants	Fund Total
REVENUES				
State of North Carolina	\$ -	\$ 861,290	\$ -	\$ 861,290
Local education agencies	418,113	-	-	418,113
U.S. Government	-	-	188,474	188,474
Contributions	150,000	-	-	150,000
Miscellaneous, unrestricted	1,084	-	-	1,084
Total revenues	569,197	861,290	188,474	1,618,961
EXPENDITURES				
Current:				
Instructional programs	246,932	727,613	188,474	1,163,019
Support services	346,155	131,969	-	478,124
Capital outlay	-	-	-	-
Debt service:				
Principal	1,719	1,702	-	3,421
Interest and other charges	12	6	-	18
Total expenditures	594,818	861,290	188,474	1,644,582
Excess (deficiency) of revenues over (under) expenditures	(25,621)	-	-	(25,621)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	(19,359)	-	-	(19,359)
Total other financing sources (uses)	(19,359)	-	-	(19,359)
Net change in fund balance	(44,980)	-	-	(44,980)
Fund balances-beginning	291,220	-	-	291,220
Fund balances-ending	\$ 246,240	\$ -	\$ -	\$ 246,240

Charter Day School, Inc.
Combining Statement of Net Position by Proprietary Subfund
June 30, 2021

	Douglass Academy		
	Enterprise Activities		
	School Food	Before and	Fund Total
	Service	After School	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,884	\$ 45,657	\$ 55,541
Due from other governments	-	-	-
Accounts Receivable - other (net)	-	-	-
Inventories	-	-	-
Total current assets	9,884	45,657	55,541
Non-current assets:			
Capital assets:			
Furniture and office equipment, net	-	-	-
Food service equipment	-	-	-
Computer equipment, net	-	-	-
Total Non-current assets	-	-	-
Total assets	9,884	45,657	55,541
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	-	-	-
Due to other funds	-	-	-
Total current liabilities	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	-	-	-
NET POSITION			
Net invested in capital assets	-	-	-
Unrestricted	9,884	45,657	55,541
Total net position	\$ 9,884	\$ 45,657	\$ 55,541

Charter Day School, Inc.
Combining Statement of Revenues, Expenditures and Changes in Subfund Net Position
For the Year Ended June 30, 2021

	Douglass Academy		
	Enterprise Activities		
	School Food Service	Before and After School	Fund Total
OPERATING REVENUES			
Lunch sales	\$ -	\$ -	\$ -
Before and after school revenue	-	21,424	21,424
Total operating revenues	-	21,424	21,424
OPERATING EXPENSES			
Purchase of food	-	-	-
Salaries and benefits	19,278	-	19,278
Contracted Services	-	-	-
Supplies and Materials	81	687	768
Other expenses	-	-	-
Total operating expenses	19,359	687	20,046
Operating income (loss)	(19,359)	20,737	1,378
NON-OPERATING REVENUES (EXPENSES)			
Federal Reimbursements	-	-	-
Transfers from other funds	19,359	-	19,359
Total non-operating revenue (expenses)	19,359	-	19,359
Income (loss) before contributions and transfers	-	20,737	20,737
Change in net position	-	20,737	20,737
Total net position- beginning	9,884	24,920	34,804
Total net position - ending	\$ 9,884	\$ 45,657	\$ 55,541

Charter Day School, Inc.
Combining Statement of Cash Flows by Proprietary Subfund
For the Year Ended June 30, 2021

	Douglass Academy		
	Enterprise Activities		
	Before		
	School Food	and After	Fund Total
	Service	School	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 21,424	\$ 21,424
Cash paid for goods and services	(81)	(687)	(768)
Cash paid to employees for services	(19,278)	-	(19,278)
Net cash provided (used) by operating activities	(19,359)	20,737	1,378
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal Reimbursements	-	-	-
Transfers	19,359	-	19,359
Net cash provided (used) by noncapital financing activities	19,359	-	19,359
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	20,737	20,737
Balances-beginning	9,884	24,920	34,804
Balances-ending	\$ 9,884	\$ 45,657	\$ 55,541
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (19,359)	\$ 20,737	\$ 1,378
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
Salaries paid by special revenue fund	-	-	-
Changes in assets and liabilities:			
Decrease in accounts receivable	-	-	-
Increase in inventory	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	-	-	-
Increase (decrease) in salaries and wages payable	-	-	-
Total adjustments	-	-	-
Net cash provided by operating activities	\$ (19,359)	\$ 20,737	\$ 1,378

BUDGET TO ACTUAL SCHEDULES

Charter Day School, Inc.
Schedule of Revenues, Expenditures, and
Changes in Subfund Balances - Budget and Actual
All Funds Except for Federal Subfunds and Enterprise Subfunds
For Year Ended June 30, 2021

	Charter Day School			Columbus Charter School			South Brunswick Charter School			Douglass Academy		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
State of North Carolina	\$6,800,595	\$6,751,695	\$ (48,900)	\$6,517,372	\$6,758,446	\$ 241,074	\$3,101,562	\$ 3,078,015	\$ (23,547)	\$ 797,021	\$ 861,290	\$ 64,269
Local education agencies	2,972,581	3,228,351	255,770	804,201	756,837	(47,364)	1,430,756	1,666,761	236,005	549,191	418,113	(131,078)
U.S. Government	-	-	-	-	-	-	-	61,631	61,631	-	-	-
Donations - general	-	35,500	35,500	-	6,500	6,500	-	9,200	9,200	-	150,000	150,000
Miscellaneous, unrestricted	720,763	550,593	(170,170)	62,226	5,167	(57,059)	80,418	1,832	(78,586)	95,090	1,084	(94,006)
Total revenues	10,493,939	10,566,139	72,200	7,383,799	7,526,950	143,151	4,612,736	4,817,439	204,703	1,441,302	1,430,487	(10,815)
Expenditures:												
Salaries, Bonuses & Benefits	5,244,230	4,889,005	355,225	3,173,078	2,960,160	212,918	2,123,706	1,983,670	140,036	626,040	688,236	(62,196)
Books & Supplies	162,975	198,155	(35,180)	204,520	224,721	(20,201)	107,783	127,420	(19,637)	48,822	59,588	(10,766)
Technology	28,000	162,764	(134,764)	15,500	31,447	(15,947)	17,500	105,278	(87,778)	7,500	43,881	(36,381)
Non-Cap Equipment & Leases	213,000	123,856	89,144	121,000	70,113	50,887	39,564	29,921	9,643	29,192	10,094	19,098
Contracted Student Services	930,935	874,879	56,056	1,005,810	1,013,025	(7,215)	619,733	468,133	151,600	232,778	172,289	60,489
Staff Development	9,495	2,165	7,330	9,937	1,863	8,074	2,446	570	1,876	2,227	556	1,671
Administrative Services	2,376,019	2,369,285	6,734	1,561,176	1,631,069	(69,893)	946,131	969,687	(23,556)	311,463	301,819	9,644
Insurance	58,500	68,719	(10,219)	52,350	62,621	(10,271)	39,250	50,038	(10,788)	31,250	40,399	(9,149)
Rents & Debt Service	529,856	506,246	23,610	496,263	479,962	16,301	463,482	146,526	316,956	21,001	3,439	17,562
Capital Purchases	10,000	-	10,000	102,000	346,929	(244,929)	-	11,396	(11,396)	-	-	-
Facilities Repairs & Maintenance	211,000	152,261	58,739	107,336	199,355	(92,019)	76,000	87,742	(11,742)	50,500	28,021	22,479
Utilities	114,000	103,527	10,473	119,000	123,413	(4,413)	82,950	75,437	7,513	54,700	42,230	12,470
Nutrition & Food	7,500	14,687	(7,187)	3,000	7,453	(4,453)	2,500	8,624	(6,124)	5,000	3,353	1,647
Before & After Care	2,500	5,881	(3,381)	2,500	4,398	(1,898)	2,000	5,550	(3,550)	2,000	19,351	(17,351)
COVID-19	-	133,313	(133,313)	-	256,556	(256,556)	-	64,965	(64,965)	-	33,115	(33,115)
Transportation & Travel	14,000	18,064	(4,064)	54,000	53,741	259	2,000	278	1,722	13,500	9,737	3,763
Capital Development LLC	-	281,159	(281,159)	-	258,189	(258,189)	-	287,158	(287,158)	-	-	-
Total expenditures	9,912,010	9,903,966	8,044	7,027,470	7,725,015	(697,545)	4,525,045	4,422,393	102,652	1,435,973	1,456,108	(20,135)
Excess (deficiency) of revenues over (under) expenditures	581,929	662,173	80,244	356,329	(198,065)	(554,394)	87,691	395,046	307,355	5,329	(25,621)	(30,950)
Other financing sources (uses):												
Transfers from other funds	-	-	-	-	500,000	(500,000)	-	(500,000)	500,000	-	(19,359)	-
Proceeds from bonds	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated fund balance	(581,929)	-	(581,929)	(356,329)	-	(356,329)	(87,691)	-	(87,691)	(5,329)	-	(5,329)
Total other financing sources and (uses)	(581,929)	-	(581,929)	(356,329)	500,000	(856,329)	(87,691)	(500,000)	412,309	(5,329)	(19,359)	(5,329)
Net change in fund balances	\$ -	662,173	\$ 662,173	\$ -	301,935	\$ 301,935	\$ -	(104,954)	\$ (104,954)	\$ -	(44,980)	\$ (25,621)
Fund balances, beginning		2,525,097			868,698			823,421			291,220	
Fund balances, ending		\$3,187,270			\$1,170,633			\$ 718,467			\$ 246,240	

Charter Day School, Inc.
Schedule of Revenues, Expenditures, and
Changes in Subfund Balances - Budget and Actual
Special Revenue Subfund - Federal Grants
For Year Ended June 30, 2021

	Charter Day School			Columbus Charter School			South Brunswick Charter School			Douglass Academy		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:												
U.S. Government	\$ 498,187	\$ 652,209	\$ 154,022	\$ 581,135	\$ 744,839	\$ 163,704	\$ 124,192	\$ 185,143	\$ 60,951	\$ 247,273	\$ 188,474	\$ (58,799)
Total revenues	<u>498,187</u>	<u>652,209</u>	<u>154,022</u>	<u>581,135</u>	<u>744,839</u>	<u>163,704</u>	<u>124,192</u>	<u>185,143</u>	<u>60,951</u>	<u>247,273</u>	<u>188,474</u>	<u>(58,799)</u>
Expenditures:												
Salaries & Benefits												
Salaries & Bonuses	369,320	483,501	(114,181)	430,891	552,272	(121,381)	79,126	117,960	(38,834)	227,223	173,192	54,031
Benefits	23,035	30,157	(7,122)	85,039	108,994	(23,955)	6,028	8,986	(2,958)	12,291	9,368	2,923
Total Salaries & Benefits	<u>392,355</u>	<u>513,658</u>	<u>(121,303)</u>	<u>515,930</u>	<u>661,266</u>	<u>(145,336)</u>	<u>85,154</u>	<u>126,946</u>	<u>(41,792)</u>	<u>239,514</u>	<u>182,560</u>	<u>56,954</u>
Books & Supplies	104,525	136,840	(32,315)	6,480	8,305	(1,825)	817	1,218	(401)	1,178	898	280
Contracted Student Services	802	1,050	(248)	498	638	(140)	151	225	(74)	-	-	-
Staff Development	505	661	(156)	63	81	(18)	54	80	(26)	273	208	65
Technology	-	-	-	58,164	74,549	(16,385)	-	-	-	-	-	-
Non-Cap Equipment & Leases	-	-	-	-	-	-	38,016	56,674	(18,658)	6,308	4,808	1,500
Total expenditures	<u>498,187</u>	<u>652,209</u>	<u>(154,022)</u>	<u>581,135</u>	<u>744,839</u>	<u>(163,704)</u>	<u>124,192</u>	<u>185,143</u>	<u>(60,951)</u>	<u>247,273</u>	<u>188,474</u>	<u>58,799</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):												
Transfers from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Note payable issued	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

Charter Day School, Inc.
School Food Service
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For Year Ended June 30, 2021

	Columbus Charter School			Douglass Academy		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:						
Lunch sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenditures:						
Contracted Food Services	190,000	378,179	(188,179)	77,000	-	77,000
Other Expenses	-	12,273	(12,273)	-	81	(81)
Salaries and benefits	-	-	-	-	19,278	(19,278)
Total operating expenditures	<u>190,000</u>	<u>390,452</u>	<u>(200,452)</u>	<u>77,000</u>	<u>19,359</u>	<u>57,641</u>
Operating Income (Loss)	<u>(190,000)</u>	<u>(390,452)</u>	<u>200,452</u>	<u>(77,000)</u>	<u>(19,359)</u>	<u>(57,641)</u>
Nonoperating revenues (expenses)						
Federal reimbursements	190,000	452,700	(262,700)	77,000	-	77,000
Unappropriated fund balance	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	19,359	(19,359)
Total other financing sources	<u>190,000</u>	<u>452,700</u>	<u>(262,700)</u>	<u>77,000</u>	<u>19,359</u>	<u>57,641</u>
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>62,248</u>	<u>\$ 62,248</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (115,282)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:						
Reconciling Items:						
Depreciation		-			-	
Capital Outlay		-			-	
Change in net position (full accrual)		<u>62,248</u>			<u>-</u>	
Total net position, beginning		<u>29,146</u>			<u>9,884</u>	
Total net position, ending		<u>\$ 91,394</u>			<u>\$ 9,884</u>	

Charter Day School, Inc.
Before and After School
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For Year Ended June 30, 2021

	Douglass Academy		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
	\$ -	\$ 21,424	\$ 21,424
Total operating revenues	-	21,424	(21,424)
Operating Expenditures:			
Other Food Purchases	-	687	(687)
Total operating expenditures	-	687	(687)
Operating Income (Loss)	-	20,737	(20,737)
Nonoperating revenues (expenses)			
Federal reimbursements	-	-	-
Unappropriated fund balance	-	-	-
Transfers from other funds	-	-	-
Total other financing sources	-	-	-
Excess of revenues and other sources over expenditures	\$ -	20,737	\$ (20,737)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
(Increase) in due from other governments		-	
Increase (decrease) in accounts payable and accrued liabilities		-	
Change in net position (full accrual)		20,737	
Total net position, beginning		24,920	
Total net position, ending		\$ 45,657	

COMPLIANCE SECTION
CHARTER DAY SCHOOL, INC.
LELAND, NORTH CAROLINA
JUNE 30, 2021



PETWAY

MILLS &

PEARSON, PA

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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing
Standards***

Independent Auditors' Report

To the Board of Trustees
Charter Day School, 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Charter Day School, Inc. as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Charter Day School, Inc.'s basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charter Day School, 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 Charter Day School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charter Day School, Inc.'s statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

November 24, 2021



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Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act

To the Board of Trustees
Charter Day School, Inc.
Leland, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Charter Day School, Inc.'s (the School) compliance with the types of compliance requirements described in the *U.S. Code of Federal Regulations (CFR)* 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 Charter Day School, Inc.'s major federal programs for the year ended June 30, 2021. Charter Day School, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Charter Day School, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. 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 and applicable sections of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Charter Day School, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Charter Day School, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Charter Day School, 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, 2021.

Report on Internal Control Over Compliance

Management of Charter Day School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Charter Day School, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

November 24, 2021



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Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of Trustees
Charter Day School, Inc.
Leland, North Carolina

Report on Compliance for Each Major State Program

We have audited Charter Day School, 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 Charter Day School, Inc.'s major State program as of and for the year ended June 30, 2021. Charter Day School, Inc.'s major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Charter Day School, Inc.'s major State program based on our audit of the types of compliance requirements referred to above. 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 and applicable sections of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Charter Day School, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. However, our audit does not provide a legal determination of Charter Day School, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Charter Day School, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program as of and for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Charter Day School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Charter Day School, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

November 24, 2021

CHARTER DAY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant 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 federal programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with

Uniform Guidance yes X no

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA No.</u>
Title I, Part A	84.027
Coronavirus Relief Fund	84.425

Dollar threshold used to distinguish between
Type A and Type B Programs

\$ 750,000

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

Uniform Guidance yes X no

Identification of major State programs:

<u>Program Name</u>
State Public School Funds (PRC 036 - Charter School Funds)

CHARTER DAY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None required.

SECTION III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CHARTER DAY SCHOOL, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None required.

SECTION III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None required.

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None required.

CHARTER DAY SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

There were no findings for the fiscal year ended June 30, 2020.

CHARTER DAY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Special Education Cluster			
IDEA VI B Special Needs Targeted Assistance	84.027	PRC 118	\$ 1,473
IDEA, Part B	84.027	PRC 060	440,227
IDEA Part B Handicapped	84.027	PRC 108	98,350
IDEA Part B Preschool	84.173	PRC 049	13,728
Total Special Education Cluster			553,778
Supporting Effective Instruction, Title II Part A	84.367	PRC 103	146,603
Rural Education Cluster			
Direct Program			
Small Rural Schools Achievement Program	84.358	PRC 101	61,631
Total Rural Education Cluster			61,631
COVID-19 Education Stabilization Fund - K-12			
Emergency Relief Fund			
CARES Act - K12 Emergency Relief Fund	84.425	PRC 163	331,954
Digital Curricula	84.425	PRC 165	15,954
Exceptional Children Grants	84.425	PRC 167	602
Specialized Instructional Support for COVID-19	84.425	PRC 169	1,912
Supplemental K12 Emergency Relief Fund	84.425	PRC 171	91,022
Total Coronavirus Relief Fund			441,444
Title I, Part A Cluster			
Title I - LEA Basic Funding	84.010	PRC 050	628,840
Total Title I, Part A Cluster			628,840
Total US Department of Education			1,832,296
<u>US Department of Agriculture</u>			
Passed Through the NC Department of Public Instruction			
National School Lunch Program	10.555	PRC 035	452,700
TOTAL FEDERAL CASH ASSISTANCE			2,284,996
STATE OF NORTH CAROLINA GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
State Public School Fund		PRC 036	17,038,487
Summer Learning Program		PRC 121	94,763
Remote Instructional		PRC 123	8,347
Student Computers and Devices		PRC 124	76,068
Personnel Computers and Devices		PRC 126	81,369
Community Student Mobile Internet Access		PRC 128	1,686
Low Wealth Counties Supplemental Funding		PRC 134	70,684
Cybersecurity		PRC 135	6,882
PPE		PRC 137	71,160
TOTAL STATE CASH ASSISTANCE			17,449,446
TOTAL FEDERAL AND STATE AWARDS			\$ 19,734,442

Note to the Schedule of Expenditures of State Financial Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of Charter Day School, Inc. as of June 30, 2021 and is presented on the accrual basis of accounting. The information in this SEFSA is presented in accordance with the requirements of *Title 2 U.S. 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 Charter Day School, Inc., it is not intended to and does not present the financial position, changes in net position or cash flows of Charter Day School, Inc..

Indirect Costs

The School has not elected to charge a 10% de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Summary of Accounting Policies

Expenditures reported in the schedule of expenditures of federal and State awards are reported on the accrual basis of accounting.