

FINANCIAL STATEMENTS

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2024

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
TABLE OF CONTENTS  
JUNE 30, 2024

---

	<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION		
Independent Auditor's Report		6
Management's Discussion and Analysis		8
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	25
Statement of Activities	2	26
Fund Financial Statements:		
<u>Governmental Funds</u>		
Balance Sheet	3	27
Statement of Revenues, Expenditures and Changes in Fund Balances	4	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statements of Activities	5	29
<u>Proprietary Funds</u>		
Statement of Net Position	6	30
Statement of Revenues, Expenses, and Changes in Fund Net Position	7	31
Statement of Cash Flows	8	32
Notes to the Financial Statements		33

Supplementary Information

Classical Charter Schools of Leland

School Resources by Governmental Subfund	1	54
--	---	----

School Revenues, Expenditures and Changes in Governmental Subfund Balances	2	55
--	---	----

Classical Charter Schools of Whiteville

School Resources by Governmental Subfund	3	56
--	---	----

School Revenues, Expenditures and Changes in Governmental Subfund Balances	4	57
--	---	----

School Net Position by Proprietary Subfund	5	58
--	---	----

School Revenues, Expenditures and Changes in Subfund Net Position	6	59
---	---	----

School Statement of Cash Flows by Proprietary Subfund	7	60
---	---	----

Classical Charter Schools of Southport

School Resources by Governmental Subfund	8	61
--	---	----

School Revenues, Expenditures and Changes in Governmental Subfund Balances	9	62
--	---	----

Classical Charter Schools of Wilmington

School Resources by Governmental Subfund	10	63
--	----	----

School Revenues, Expenditures and Changes in Governmental Subfund Balances	11	64
--	----	----

School Net Position by Proprietary Subfund	12	65
--	----	----

School Revenues, Expenditures and Changes in Subfund Net Position	13	66
---	----	----

School Statement of Cash Flows by Proprietary Subfund	14	67
---	----	----

Budget to Actual Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Fund Types except LLC	15	68
---	----	----

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		70
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act		72
Independent Auditor's Report on Compliance for Each Major State Program and on Internal Control over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act		74
Schedule of Findings and Questioned Costs		76
Corrective Action Plan		78
Summary Schedule of Prior Year's Audit Findings		79
Schedule of Expenditures of Federal and State Awards		80

FINANCIAL SECTION

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2024



## Independent Auditor's Report

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

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Classical Charter Schools of America, Inc., North Carolina, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of Classical Charter Schools of America, Inc., as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Classical Charter Schools of America, Inc.'s basic financial statements. The accompanying budgetary schedules and the schedule of expenditures of federal and state awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of Classical Charter Schools of America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Classical Charter Schools of America, Inc.'s internal control over

Rebekah Barr, CPA PC

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

November 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS  
CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
LELAND, NORTH CAROLINA  
JUNE 30, 2024





# June 30, 2024



7055 Bacon's Way, Leland, NC 28451  
910-655-1214 [www.ccsam.net](http://www.ccsam.net)

# Management's Discussion and Analysis

## Classical Charter Schools of America

### June 30, 2024



### 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, 2024



## School Features

- Tuition-free, open enrollment charter schools.
- 4 Campuses
  - **Classical Charter Schools of Leland:** K-8th. Picturesque, 24-acre campus in Brunswick County, just fifteen minutes from downtown Wilmington.
  - **Classical Charter Schools of Southport:** K-7th. Beautiful, 45-acre campus in Brunswick County, conveniently located off Hwy 211 between Southport and Supply.
  - **Classical Charter Schools of Whiteville:** K-8th. Scenic, 61-acre campus in Columbus County, just five minutes from downtown Whiteville.
  - **Classical Charter Schools of Wilmington:** K-5th. Located in the newly renovated, historic Peabody building in the heart of downtown Wilmington.
- Diverse student population, including 18.0% special needs students, 40.5% non-white students, and 50.9% 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.
- Middle School sports programs for boys and girls in soccer, basketball, and baseball/softball.
- On-site educational before and after school care program.
- 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 Direct Instruction Wesley Becker Excellent School Award.



*Management's Discussion and Analysis*  
*Classical Charter Schools of America*  
**June 30, 2024**



**Renaming**

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

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

**Academic Performance**  
**2024-2025**

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

**Classical Charter Schools of Leland EOG Results 2023-2024**  
*Percent of Students Proficient*

	All Subjects	ELA/Reading	Math	Science
<b>CCS of Leland</b>	64.6%	60.9%	62.6%	83.8%
<b>Brunswick Co.</b>	54.9%	48.8%	57.3%	67.3%
<b>New Hanover Co.</b>	61.3%	56.4%	64.4%	74.0%
<b>North Carolina</b>	54.2%	50.1%	54.6%	68.0%

Classical Charter Schools of Leland's EOG performance average of 64.6% exceeds the state average (54.2%) by 10.4 percentage points and the county average (54.9%) by 9.7 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, 2024**



**Classical Charter Schools of Southport EOG Results 2023-2024**  
*Percent of Students Proficient*

	All Subjects	ELA/Reading	Math	Science
<b>CCS of Southport</b>	67.6%	64.5%	65.7%	84.9%
<b>Brunswick Co.</b>	54.9%	48.8%	57.3%	67.3%
<b>North Carolina</b>	54.2%	50.1%	54.6%	68.0%

Classical Charter Schools of Southport's EOG performance average of 67.6% exceeds the state average (54.2%) by 13.4 percentage points and the county average (54.9%) by 12.7 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, 2024**



**Classical Charter Schools of Whiteville EOG Results 2023-2024**  
*Percent of Students Proficient*

	All Subjects	ELA/Reading	Math	Science
<b>CCS of Whiteville</b>	43.1%	42.3%	38.2%	61.0%
<b>Columbus Co.</b>	42.7%	40.6%	43.5%	53.8%
<b>Bladen Co.</b>	41.9%	33.4%	36.5%	56.5%
<b>Roberson Co.</b>	36.3%	29.7%	35.6%	51.2%
<b>North Carolina</b>	54.2%	50.1%	54.6%	68.0%

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

Classical Charter Schools of Whiteville’s EOG performance average is 43.1%, which exceeds the Columbus, Bladen, and Robeson districts’ performance averages, which are 42.7%, 41.9%, and 36.3% respectively. The state performance average is 54.2%. 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, 2024**



**Classical Charter Schools of Wilmington EOG Results 2023-2024**  
*Percent of Students Proficient*

	All Subjects	ELA/Reading	Math	Science
<b>CCS of Wilmington</b>	40.1%	39.7%	38.1%	47.6%
<b>Snipes Academy</b>	34.3%	25.5%	38.3%	47.8%
<b>Freeman School</b>	13.8%	10.0%	15.0%	21.4%
<b>D.C. Virgo <i>Lab School</i></b>	10.6%	13.4%	7.1%	13.8%
<b>New Hanover Co.</b>	61.3%	56.4%	64.4%	74.0%
<b>North Carolina</b>	54.2%	50.1%	54.6%	68.0%

Classical Charter Schools of Wilmington’s achievement score of tests passed, including a large number of transfer students, is 40.1% on the Common Core End-Of-Grade tests.

For comparison, the three neighboring elementary schools—Rachel Freeman, Snipes Academy, and D.C. Virgo—reveal that 13.8%, 34.3%, and 10.6% of tests were passed, respectively.

*Management's Discussion and Analysis*  
*Classical Charter Schools of America*  
**June 30, 2024**



**Management's Discussion and Analysis**  
**Classical Charter Schools of America**  
**June 30, 2024**

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, 2024. 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 17<sup>th</sup>, 2020, Classical Charter Schools of America issued and sold \$37,055,000 of "Public Finance Authority Educational Facilities Revenue Bonds" with B.C. Ziegler and Company as the Underwriter. The proceeds of these Series 2020 bonds were used to: (a) finance the acquisition of certain land and charter educational facilities in Brunswick County (Classical Charter Schools of Leland) and Columbus County (Classical Charter Schools of Whiteville); (b) refinance the long-term debt held by First Bank that was used to build the elementary school in South Brunswick (Classical Charter Schools of Southport); (c) finance future capital projects at the Leland, Whiteville and Southport campuses; (d) fund a debt service reserve fund for the Series 2020 Bonds; and (e) pay for the costs of issuance of the Series 2020 Bonds.
- Cumulatively, the Classical Charter Schools of America family of charter schools experienced an enrollment decrease of 0.8% from the 2022 - 2023 academic year to the 2023 - 2024 academic year, with an enrollment decrease from 2,611 students to 2,590 students. The Classical Charter Schools of America family of charter schools had a decrease in its student enrollment at all four schools for the 2024 - 2025 school year by 95 students, a 3.7% decrease.
  - ***Classical Charter Schools of Leland*** enrollment decreased 34 students with the 2023 - 2024 school year enrollment of 968 students. Enrollment for the 2024 - 2025 school year decreased by 26 students for a total of 942.
  - ***Classical Charter Schools of Southport*** decreased 7 students with the 2023 - 2024 school year enrollment of 608 students. Enrollment for the 2024 - 2025 school year decreased by 38 students for a total of 570.
  - ***Classical Charter Schools of Whiteville*** enrollment increased 13 students with the 2023 - 2024 school year enrollment of 883 students. Enrollment for the 2024 - 2025 school year decreased by 36 students for a total of 847.
  - ***Classical Charter Schools of Wilmington*** enrollment increased 7 students with the 2023 - 2024 school year enrollment of 131 students. Enrollment for the 2024 - 2025 school year increased by 5 students for a total of 136.



# *Management's Discussion and Analysis*

## *Classical Charter Schools of America*

### **June 30, 2024**



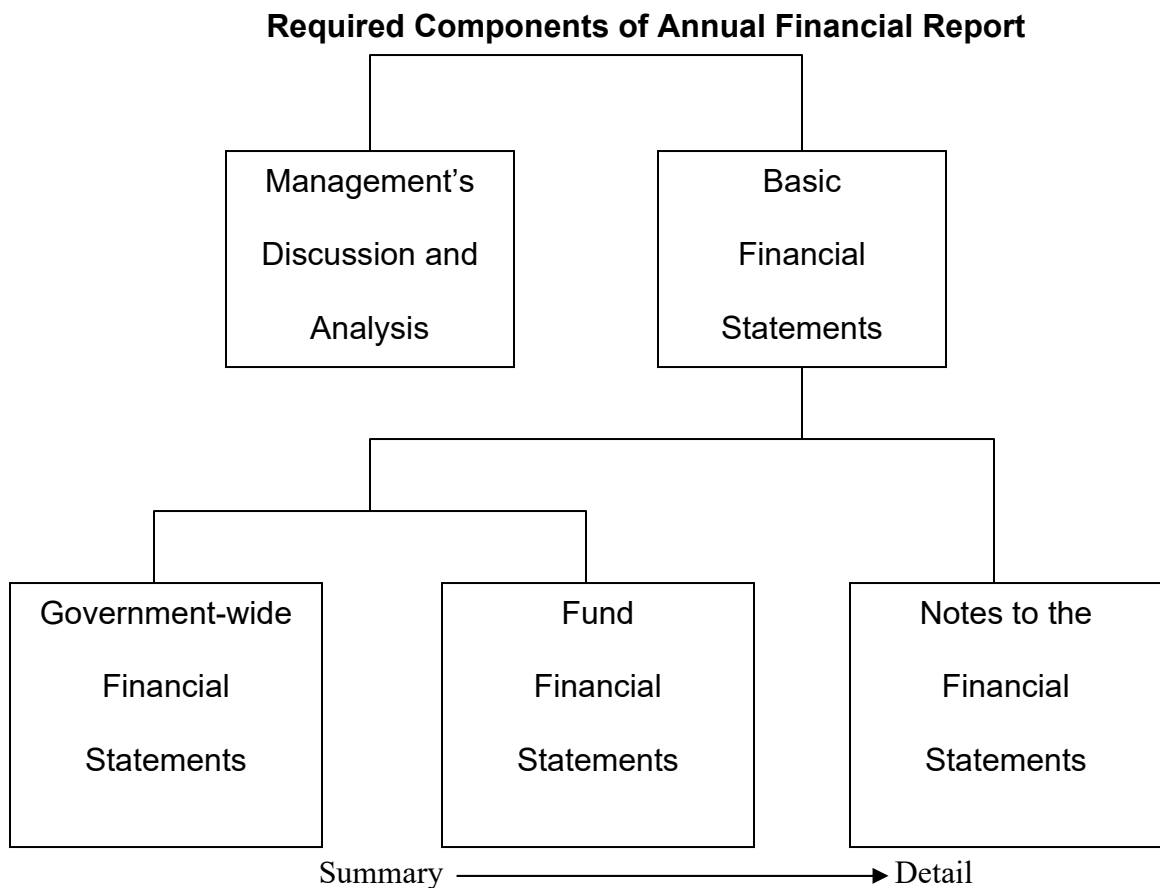
- The assets of Classical Charter Schools of America exceeded its liabilities at the close of the fiscal year by \$13,206,543 (net position).
- The company's total net position increased by \$2,868,641, due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, Classical Charter Schools of America's governmental funds reported combined ending fund balances of \$8,724,618, a decrease of \$2,096,669 in comparison with the prior year due to fixed assets increasing.
- As of the close of the current fiscal year, Classical Charter Schools of America fixed assets net of depreciation were \$42,530,394, an increase of \$2,357,494 in comparison with the prior year's \$40,172,900. The fixed assets increase was mostly due to the buildings purchased in Leland and Southport with bond money.
- Per-pupil revenue from governmental sources for the 2023 - 2024 year was \$12,912, compared to \$11,757 in 2022 - 2023.
- Classical Charter Schools of America has long-term debt of \$39,787,756 of which \$552,627 is due within one year. Classical Charter Schools of America received a "Payroll Protection Program" loan of \$1,619,600 in April 2020, this loan was forgiven in February 2021.
- Classical Charter Schools of America spent \$75,773 in legal fees defending the lawsuit regarding the school's uniform policy, these expenses were offset by insurance proceeds of \$50,988.
- In March of 2023, Classical Charter Schools of America filed for an Employee Retention Credit and was approved for \$1,626,619 for the four campuses. As of June 30, 2024, these funds are still expected to be received during the 2024-2025 school year.

### **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.

# *Management's Discussion and Analysis*

## *Classical Charter Schools of America*

### **June 30, 2024**



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

#### **Government-wide Financial Statements**

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

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

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

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

#### **Fund Financial Statements**

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

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

# *Management's Discussion and Analysis*

## *Classical Charter Schools of America*

### **June 30, 2024**



a

governmental fund is described in the reconciliation, which is an integral part of the fund financial statements.

Although not compelled or required to do so by federal, state, or local law, Classical Charter Schools of America has elected to adopt an annual budget. Since the budget is not required by law, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules following the notes. The budget incorporates input from the management and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget and whether or not the School has succeeded in providing the services at the costs as originally planned.

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

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

#### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The assets of Classical Charter Schools of America exceeded liabilities by \$13,206,543 as of June 30, 2024. As of June 30, 2023, the net position of Classical Charter Schools of America stood at \$10,337,902. The School's net position increased by \$2,868,641 for the fiscal year ended June 30, 2024. Classical Charter Schools of America has funds of \$2,944,578 restricted for debt service and \$7,519,327 of unrestricted funds.

*Management's Discussion and Analysis*  
*Classical Charter Schools of America*  
**June 30, 2024**



**Figure 2**  
**Classical Charter Schools of America's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Current and other assets</b>	\$8,141,105	\$5,268,577	\$301,129	\$262,972	\$8,442,234	\$5,531,549
<b>Restricted cash</b>	2,944,578	5,072,092	0	0	2,944,578	5,072,092
<b>Due from other governments</b>	344,235	810,350	0	0	344,235	810,350
<b>Capital assets, net of depreciation</b>	42,515,161	40,152,667	15,233	20,233	42,530,394	40,172,900
<b>Total assets</b>	<u>53,945,079</u>	<u>51,303,686</u>	<u>316,362</u>	<u>283,205</u>	<u>54,261,441</u>	<u>51,586,891</u>
<b>Other liabilities</b>	1,196,554	928,606	70,588	0	1,267,142	928,606
<b>Payroll protection program</b>	0	0	0	0	0	0
<b>Long-term Debt</b>	39,787,756	40,948,989	0	0	39,787,756	40,948,989
<b>Total liabilities</b>	<u>40,984,310</u>	<u>41,877,595</u>	<u>70,588</u>	<u>0</u>	<u>41,054,898</u>	<u>41,877,595</u>
<b>Invested in capital assets, net of related debt</b>	2,727,405	(467,716)	15,233	20,233	2,742,638	(447,483)
<b>Restricted for debt service</b>	2,944,578	5,072,092	0	0	2,944,578	5,072,092
<b>Unrestricted</b>	7,288,786	5,450,321	230,541	262,972	7,519,327	5,713,293
<b>Total net assets</b>	<u>\$12,960,769</u>	<u>\$10,054,697</u>	<u>\$245,774</u>	<u>\$283,205</u>	<u>\$13,206,543</u>	<u>\$10,337,902</u>

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, 2024**



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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Other Revenues</b>	\$2,676,978	\$1,289,763	\$0	\$0	\$2,676,978	\$1,289,763
<b>Charges for services</b>	0	0	49,467	37,125	49,467	37,125
<b>Operating Grants and Contributions</b>	4,142,344	4,330,726	767,026	712,260	4,909,370	5,042,986
<b>County, State, and Federal Funds</b>	23,152,564	21,784,642	0	0	23,152,564	21,784,642
<b>Total revenues</b>	<u>29,971,886</u>	<u>27,405,131</u>	<u>816,493</u>	<u>749,385</u>	<u>30,788,379</u>	<u>28,154,516</u>
<b>Instructional Programs</b>	15,839,456	14,802,895	814,386	747,241	16,653,842	15,550,136
<b>Support services</b>	9,922,911	9,682,478	0	0	9,922,911	9,682,478
<b>Ancillary services</b>	0	0	0	0	0	0
<b>Interest on short-term debt</b>	1,709,985	1,787,273	0	0	1,709,985	1,787,273
<b>Total expenses</b>	<u>27,472,352</u>	<u>26,272,646</u>	<u>814,386</u>	<u>747,241</u>	<u>28,286,738</u>	<u>27,019,887</u>
<b>Increase (Decrease) in net assets before transfers</b>	2,499,534	1,132,485	2,107	2,144	2,501,641	1,134,629
<b>Transfers</b>	406,538	(54,623)	(39,538)	54,623	367,000	0
<b>PPP loan forgiveness</b>	0	0	0	0	0	0
<b>Increase (Decrease) in net assets</b>	<u>2,906,072</u>	<u>1,077,862</u>	<u>(37,431)</u>	<u>56,767</u>	<u>2,868,641</u>	<u>1,134,629</u>
<b>Net assets, July 1</b>	<u>10,054,697</u>	<u>8,976,835</u>	<u>283,205</u>	<u>226,438</u>	<u>10,337,902</u>	<u>9,203,273</u>
<b>Net assets, June 30</b>	<u>\$12,960,769</u>	<u>\$10,054,697</u>	<u>\$245,774</u>	<u>\$283,205</u>	<u>\$13,206,543</u>	<u>\$10,337,902</u>

**Governmental activities.** Governmental activities increased the company's net assets by \$2,906,072.

**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 \$7,519,327.1

*Management's Discussion and Analysis*  
*Classical Charter Schools of America*  
**June 30, 2024**



**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, 2024, totals \$42,530,394 (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	
	2024	2023	2024	2023	2024	2023
Land / land improvements	\$3,094,460	\$9,769,766	\$0	\$0	\$3,094,460	\$3,094,460
Construction work-in-progress	417,502	13,348,529	0	0	417,502	13,348,529
Land improvements	13,341,011	0	1	0	13,341,012	0
Buildings / building improvements	24,205,017	15,847,027	0	0	24,205,017	15,847,027
Leasehold improvements	0	0	0	0	0	6,675,306
Equipment / computers / playground equipment	730,735	426,530	15,233	20,233	745,968	466,763
Vehicles	723,345	744,697	0	0	723,345	744,697
Textbooks	3,090	(4,115)	0	0	3,090	(4,115)
<b>Total</b>	<b>\$42,515,160</b>	<b>\$40,132,434</b>	<b>\$15,234</b>	<b>\$20,233</b>	<b>\$42,530,394</b>	<b>\$40,152,667</b>

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, 2024, Classical Charter Schools of America had outstanding debt of \$39,235,129, of which \$552,627 was due within a year. As of June 30, 2023, long-term debt was \$40,320,383.

**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.

*Management's Discussion and Analysis*  
*Classical Charter Schools of America*  
**June 30, 2024**



- Due to statutory enrollment limits, some of the schools were obligated to hold a random lottery in February 2023, and not all of the applicants were admitted for the upcoming year.
- The four schools received donations of \$400,250 during the 2023 - 2024 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.
- One new bus was purchased during the 2023 – 2024 school year and two new buses were purchased during the 2022-2023 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 2023 - 2024 school year increased all school's expenditures but were partially offset by state revenue increases.
- Expenditures budgeted for Administrative Services increased in 2023 - 2024 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.



**Classical Charter Schools of America, Inc.**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,140,732	\$ 295,073	\$ 5,435,805
Restricted cash	2,944,578	-	2,944,578
Due from other governments	344,235	-	344,235
Accounts receivable - trade	2,806,496	-	2,806,496
Prepaid expenses	193,877	6,056	199,933
Security deposits	-	-	-
Capital assets:			
Land, improvements, and construction in progress	3,504,907	-	3,504,907
Other capital assets, net of depreciation	39,010,254	15,233	39,025,487
Total capital assets	<u>42,515,161</u>	<u>15,233</u>	<u>42,530,394</u>
Total assets	<u>53,945,079</u>	<u>316,362</u>	<u>54,261,441</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable - trade	1,196,554	70,588	1,267,142
Advance from LLC	-	-	-
Long-term liabilities:			
Compensated absences	-	-	-
Due within one year	552,627	-	552,627
Due in more than one year	39,235,129	-	39,235,129
Total liabilities	<u>40,984,310</u>	<u>70,588</u>	<u>41,054,898</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,727,405	15,233	2,742,638
Restricted for debt service	2,944,578	-	2,944,578
Unrestricted	7,288,786	230,541	7,519,327
Total net position	<u>\$ 12,960,769</u>	<u>\$ 245,774</u>	<u>\$ 13,206,543</u>

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

Classical Charter Schools of America, Inc.  
Statement of Activities  
For the Year Ended June 30, 2024

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
<b>Primary government:</b>							
Governmental Activities:							
Instructional programs	\$ 19,981,800	\$ -	\$ 4,142,344	\$ -	\$ (15,839,456)	\$ -	\$ (15,839,456)
Athletics, arts and clubs	12,132	-	-	-	(12,132)	-	(12,132)
Support services	9,910,779	-	-	-	(9,910,779)	-	(9,910,779)
Community services	-	-	-	-	-	-	-
Interest on debt	1,709,985	-	-	-	(1,709,985)	-	(1,709,985)
Total governmental activities	<u>31,614,696</u>	<u>-</u>	<u>4,142,344</u>	<u>-</u>	<u>(27,472,352)</u>	<u>-</u>	<u>(27,472,352)</u>
Business-type activities:							
School lunch fund	813,220	-	767,026	-	-	(46,194)	(46,194)
Before and after school fund	1,166	49,467	-	-	-	48,301	48,301
Total business-type activities	<u>814,386</u>	<u>49,467</u>	<u>767,026</u>	<u>-</u>	<u>-</u>	<u>2,107</u>	<u>2,107</u>
Total primary government	<u>\$ 32,429,082</u>	<u>\$ 49,467</u>	<u>\$ 4,909,370</u>	<u>\$ -</u>	<u>(27,472,352)</u>	<u>2,107</u>	<u>(27,470,245)</u>
General revenues:							
Unrestricted county appropriations					6,507,803	-	6,507,803
Unrestricted State appropriations					20,787,105	-	20,787,105
Unrestricted Federal appropriations					-	-	-
Unrestricted fines and forfeitures					72,012	-	72,012
Donations - general					400,250	-	400,250
Rental income					-	-	-
Miscellaneous, unrestricted					2,204,716	-	2,204,716
Transfers					39,538	(39,538)	-
Total general revenues, special items, and transfers					<u>30,011,424</u>	<u>(39,538)</u>	<u>29,971,886</u>
Change in net position					2,539,072	(37,431)	2,501,641
Net position-beginning, previously reported					10,054,697	283,205	10,337,902
Restatement					367,000	-	367,000
Net position-beginning, restated					<u>10,421,697</u>	<u>283,205</u>	<u>10,704,902</u>
Net position-ending					<u>\$ 12,960,769</u>	<u>\$ 528,979</u>	<u>\$ 13,206,543</u>

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

**Classical Charter Schools of America, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	Major Special Revenue Funds						Total Governmental Funds
	General Fund	Classical Charter Schools of Leland	Classical Charter Schools of Whiteville	Classical Charter Schools of Southport	Classical Charter Schools of Wilmington	Eliminations	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 4,003,192	\$ 606,569	\$ 497,027	\$ 33,944	\$ -	\$ 5,140,732
Restricted cash	-	758,794	1,063,246	1,122,538	-	-	2,944,578
Due from other governments	-	36,683	56,160	179,650	71,742	-	344,235
Accounts receivable - other	-	1,008,430	830,633	535,103	432,330	-	2,806,496
Prepaid items	-	69,341	57,765	66,734	37	-	193,877
Due from Classical Charter Southport	1,930,000	-	-	-	-	(1,930,000)	-
Due from LLC	-	-	-	-	-	-	-
Due from Classical Charter Wilmington	510,000	-	-	-	-	(510,000)	-
<b>Total assets</b>	<b>2,440,000</b>	<b>5,876,440</b>	<b>2,614,373</b>	<b>2,401,052</b>	<b>538,053</b>	<b>(2,440,000)</b>	<b>11,429,918</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable - trade	-	535,944	347,378	270,446	42,786	-	1,196,554
Due to LLC	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>535,944</b>	<b>347,378</b>	<b>270,446</b>	<b>42,786</b>	<b>-</b>	<b>1,196,554</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	-	-	-	-	-	-	-
<b>Fund balances:</b>							
Nonspendable: prepaids	-	69,341	210,265	226,234	37	-	505,877
Restricted for debt service	-	758,794	1,063,246	1,122,538	-	-	2,944,578
Unassigned	2,440,000	4,512,361	993,484	781,834	495,230	(2,440,000)	6,782,909
<b>Total fund balances</b>	<b>2,440,000</b>	<b>5,340,496</b>	<b>2,266,995</b>	<b>2,130,606</b>	<b>495,267</b>	<b>(2,440,000)</b>	<b>10,233,364</b>
<b>Total liabilities, deferred inflows of resources, and funds balances</b>	<b>\$ 2,440,000</b>	<b>\$ 5,876,440</b>	<b>\$ 2,614,373</b>	<b>\$ 2,401,052</b>	<b>\$ 538,053</b>	<b>\$ (2,440,000)</b>	

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.	42,515,161
Deferred outflows of resources related to pensions	-
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	-
Long term notes payable	(39,787,756)
Compensated absences	-
<b>Net position of governmental activities</b>	<b>\$ 12,960,769</b>

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

**Classical Charter Schools of America, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	Major Special Revenue Funds					Eliminations	Total Governmental Funds
	General Fund	Classical Charter Schools of Leland	Classical Charter Schools of Whiteville	Classical Charter Schools of Southport	Classical Charter Schools of Wilmington		
<b>Revenues</b>							
State of North Carolina	\$ -	\$ 7,162,390	\$ 8,144,070	\$ 4,473,119	\$ 1,007,526	\$ -	\$ 20,787,105
Local education agencies	-	3,068,655	815,503	2,158,946	464,699	-	6,507,803
U.S. Government	-	1,116,658	2,181,012	352,399	492,275	-	4,142,344
Fines and forfeitures	-	30,689	15,423	17,760	8,140	-	72,012
Contributions and donations	-	25,150	25,000	100,100	250,000	-	400,250
Rental Income	-	810,941	675,784	765,888	-	(2,252,613)	-
Other	-	1,060,343	622,960	392,199	129,214	-	2,204,716
<b>Total revenues</b>	<b>-</b>	<b>13,274,826</b>	<b>12,479,752</b>	<b>8,260,411</b>	<b>2,351,854</b>	<b>(2,252,613)</b>	<b>34,114,230</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
Instructional programs	-	6,946,569	6,556,609	4,034,003	1,451,209	-	18,988,390
Athletics, arts and clubs	-	3,481	5,005	3,646	-	-	12,132
Support services	-	4,013,954	4,235,402	2,947,781	662,171	(2,252,613)	9,606,695
Community services	-	-	-	-	-	-	-
<b>Capital outlay:</b>	-	2,572,107	593,381	275,082	219,418	-	3,659,988
<b>Debt service:</b>	-	-	-	-	-	-	-
Principal	-	151,200	126,000	142,800	-	-	420,000
Interest and other charges	-	656,140	546,784	619,688	-	-	1,822,612
<b>Total expenditures</b>	<b>-</b>	<b>14,343,451</b>	<b>12,063,181</b>	<b>8,023,000</b>	<b>2,332,798</b>	<b>(2,252,613)</b>	<b>34,509,817</b>
Excess (deficiency) of revenues over expenditures	-	(1,068,625)	416,571	237,411	19,056	-	(395,587)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers to other funds	-	-	(45,331)	-	84,869	-	39,538
Proceeds from debt	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(45,331)</b>	<b>-</b>	<b>84,869</b>	<b>-</b>	<b>39,538</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(1,068,625)</b>	<b>371,240</b>	<b>237,411</b>	<b>103,925</b>	<b>-</b>	<b>(356,049)</b>
Fund balances-beginning, previous	2,440,000	5,336,365	2,891,011	1,834,195	391,342	(2,670,500)	10,222,413
Restatement	-	1,072,756	(995,256)	59,000	-	230,500	367,000
Fund balances-beginning, restated	2,440,000	6,409,121	1,895,755	1,893,195	391,342	(2,440,000)	10,589,413
<b>Fund balances-ending</b>	<b>\$ 2,440,000</b>	<b>\$ 5,340,496</b>	<b>\$ 2,266,995</b>	<b>\$ 2,130,606</b>	<b>\$ 495,267</b>	<b>\$ (2,440,000)</b>	<b>\$ 10,233,364</b>

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

**Classical Charter Schools of America, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statements of Activities**  
**For the Year Ended June 30, 2024**

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

Net changes in fund balances - total governmental funds	\$	(356,049)
Change in fund balance due to change in reserve for inventory		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		2,362,494
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		532,627
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		-
Compensated absences		-
Rounding adjustment		-
		<hr style="border-top: 1px solid black;"/>
Total changes in net position of governmental activities	\$	<u><u>2,539,072</u></u>

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

**Classical Charter Schools of America, Inc.**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	<b>Major Enterprise Funds</b>		
	<b>Classical Charter Schools of Whiteville</b>	<b>Classical Charter Schools of Wilmington</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 205,873	\$ 89,200	\$ 295,073
Cash - restricted debt service fund	-	-	-
Prepays	-	6,056	6,056
Inventories	-	-	-
Total current assets	205,873	95,256	301,129
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Other capital assets, net of depreciation	15,233	-	15,233
Total noncurrent assets	15,233	-	15,233
Total assets	\$ 221,106	\$ 95,256	\$ 316,362
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - trade	\$ 70,588	\$ -	\$ 70,588
Deferred revenue	-	-	-
Total current liabilities	70,588	-	70,588
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	70,588	-	70,588
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET ASSETS</b>			
Net investment in capital assets	-	-	15,233
Restricted for debt service	-	-	-
Unrestricted	150,518	95,256	245,774
Total net position	\$ 150,518	\$ 95,256	\$ 261,007

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

**Classical Charter Schools of America, Inc.**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

	Major Enterprise Funds		
	Classical Charter Schools of Whiteville	Classical Charter Schools of Wilmington	Total
<b>OPERATING REVENUES</b>			
Lunch sales	\$ -	\$ -	\$ -
Before and after school care	-	49,467	49,467
Total operating revenues	-	49,467	49,467
<b>OPERATING EXPENSES</b>			
Salary and related costs	38,850	12,758	51,608
Supplies and materials	2,550	-	2,550
Contracted services	642,294	110,700	752,994
Food purchases	1,068	1,166	2,234
Interest expense	-	-	-
Amortization	-	-	-
Small equipment	-	-	-
Depreciation expense	5,000	-	5,000
Total operating expenses	689,762	124,624	814,386
Operating income (loss)	(689,762)	(75,157)	(764,919)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal reimbursements	639,343	127,683	767,026
Total nonoperating revenue (expenses)	639,343	127,683	767,026
Income (loss) before contributions and transfers	(50,419)	52,526	2,107
Capital contributions	-	-	-
Transfers (to) from other funds	45,331	(84,869)	(39,538)
Change in net position	(5,088)	(32,343)	(37,431)
Total net position - beginning	155,606	127,599	283,205
Total net position - ending	\$ 150,518	\$ 95,256	\$ 245,774

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

**Classical Charter Schools of America, Inc.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

	Major Enterprise Funds		
	Classical Charter Schools of Whiteville	Classical Charter Schools of Wilmington	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ -	\$ 49,492	\$ 49,492
Cash paid to employees for services	(38,850)	(12,758)	(51,608)
Cash paid for goods and services	(575,324)	(111,866)	(687,190)
Net cash provided (used) by operating activities	<u>(614,174)</u>	<u>(75,132)</u>	<u>(689,306)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal reimbursements	639,343	121,627	760,970
Transfer (to) from other funds	45,331	(84,869)	(39,538)
Net cash provided (used) by noncapital financing activities	<u>684,674</u>	<u>36,758</u>	<u>721,432</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on bonds	-	-	-
Proceeds from bonds	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	70,500	(38,374)	32,126
Balances-beginning of the year	<u>135,373</u>	<u>127,574</u>	<u>262,947</u>
Balances-end of the year	<u>\$ 205,873</u>	<u>\$ 89,200</u>	<u>\$ 295,073</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (689,762)	\$ (75,157)	\$ (764,919)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	5,000	-	5,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	25	25
Increase (decrease) in accounts payable and accrued liabilities	70,588	-	70,588
Increase (decrease) in deferred inflows of resources	-	-	-
Total adjustments	<u>75,588</u>	<u>25</u>	<u>75,613</u>
Net cash provided (used) by operating activities	<u>\$ (614,174)</u>	<u>\$ (75,132)</u>	<u>\$ (689,306)</u>

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



**Classical Charter Schools of America, Inc., North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

Classical Charter Schools of America, Inc. is a North Carolina non-profit corporation incorporated in August 1999. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Classical Charter Schools of America, Inc. has been approved to operate four charter schools: Classical Charter Schools of Leland, Classical Charter Schools of Whiteville, Classical Charter Schools of Southport and Classical Charter Schools of Wilmington (collectively, the "Schools"). The Schools are public schools with Classical Charter Schools of Leland serving approximately 912 students, Classical Charter Schools of Whiteville serving approximately 811 students, Classical Charter Schools of Southport serving approximately 552 students and Classical Charter Schools of Wilmington serving approximately 132 students. Each School operates under a separate charter agreement applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) and authorized by the State Board of Education ("SBE"). The SBE has the authority to terminate, not renew or seek applicants to assume a charter on ground set out at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100). The current charters are effective until June 30, 2025 for Classical Charter Schools of Leland, June 30, 2027 for Classical Charter Schools of Whiteville, June 30, 2029 for Classical Charter Schools of Southport and June 30, 2026 for Classical Charter Schools of Wilmington. Charters may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charters will be renewed in the ordinary course of business.

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

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

## B. Basis of Presentation

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

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

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

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

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

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

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

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

*Special Revenue Funds.* Each School's funds include appropriations from the county, the State Department of Public Instruction, the federal government and others. There are subfunds within each special revenue fund including:

*County and Other Subfund.* The County and Other Subfund includes appropriations from various countries and other support of The School'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.

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

The School reports the following major enterprise funds:

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

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

#### D. Budgetary Data

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

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the various Schools at June 30, 2024. All appropriations lapse at year end.

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

##### 1. Deposits and Investments

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

##### 2. Cash and Cash Equivalents

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

##### 3. Restricted Cash

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

##### 4. Prepaid Items

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

##### 5. Capital Assets

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

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

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Building	39
Building improvements	39
Textbooks	5
Playground equipment	7
Equipment	3
Computers	5
Vehicles	7

#### 6. Deferred outflows/inflows of resources

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

#### 7. Long-term Obligations

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

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

#### 8. Compensated Absences

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

#### 9. Net Position/Fund Balances

##### Net Position

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

## Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

10. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2,723,405 consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column.)	\$ 46,238,896
Less accumulated depreciation	(3,727,735)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds payable	<u>(39,787,756)</u>
Total adjustment	<u>\$ 2,723,405</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Schools are funded by the SBE, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Brunswick County, Columbus County and New Hanover County Boards of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. [G.S. 115C-218.105(b)] Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2024, the Schools received funding from the Boards of Education for Bladen, Brunswick, Columbus, Cumberland, Duplin, New Hanover, Pender, Robeson and Whiteville counties.

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

2. Reconciliation Between Government-Wide and Fund Statements

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of \$2,895,121 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.	\$ 3,659,988
Depreciation expense that is recorded on the Statement of Activities but not in the fund statements.	(1,297,494)
New debt issued during the year is recorded as a source of funds on the fund statements but has no effect on the Statement of Activities, only the Statement of Net Assets.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide statements.	<u>532,627</u>
Total	<u><u>\$ 2,895,121</u></u>

G. Use of Estimates and Assumptions

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

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

B. Deficit Fund Balance or Net position of Individual Funds

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2024, The School had deposits with banks and savings and loans with a carrying amount of \$5,435,555. The bank balances with the financial institutions totaled \$5,087,878, of which \$1,000,000 was covered by the FDIC at June 30, 2024. The remaining \$4,087,878 is a credit risk at June 30, 2024. The School invests excess funds overnight in U.S. government securities in accordance with its deposit policy for custodial credit risk. The School also has restricted bond funds of \$2,943,328 at June 30, 2024.



### 3. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Classical Charter Schools of Leland</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 87,441	\$ (8,369)	\$ -	\$ -	\$ 79,072
Capital assets being depreciated:					
Building improvements	34,809	8,369	159,445	-	202,623
Land improvements	7,055	-	-	-	7,055
Equipment	50,228	-	147,881	-	198,109
Vehicles	7,490	-	5,625	-	13,115
Total capital assets being depreciated	99,582		312,951	-	420,902
Less accumulated depreciation for:					
Building improvements	4,380	-	8,796	-	13,176
Land improvements	-	-	-	-	-
Equipment	6,075	-	9,882	-	15,957
Vehicles	873	-	1,112	-	1,985
Total accumulated depreciation	11,328	\$ -	\$ 19,790	\$ -	31,118
Capital assets being depreciated, net	88,254				389,784
Governmental activities capital assets, net	<u>\$ 175,695</u>				<u>\$ 468,856</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Classical Charter Schools of Southport</u>					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Leasehold improvements	35,355	-	55,929	-	91,284
Vehicles	11,396	-	-	-	11,396
Equipment	43,225	-	77,219	-	120,444
Total capital assets being depreciated	89,976		133,148	-	223,124
Less accumulated depreciation for:					
Leasehold improvements	3,452	-	3,035	-	6,487
Vehicles	4,070	-	1,628	-	5,698
Equipment	4,381	-	9,748	-	14,129
Total accumulated depreciation	11,903	\$ -	\$ 14,411	\$ -	26,314
Capital assets being depreciated, net	78,073				196,810
Governmental activities capital assets, net	<u>\$ 78,073</u>				<u>\$ 196,810</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Classical Charter Schools of Whiteville</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 266,306	\$ (266,306)	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Building improvements	380,949	266,306	443,564	-	1,090,819
Equipment	217,211	-	11,235	-	228,446
Vehicles	472,990	-	138,582	-	611,572
Total capital assets being depreciated	1,071,150		593,381	-	1,930,837
Less accumulated depreciation for:					
Building improvements	37,479		70,057	-	107,536
Equipment	30,719		31,128	-	61,847
Vehicles	91,367		67,895	-	159,262
Total accumulated depreciation	159,565	\$ -	\$ 169,080	\$ -	328,645
Capital assets being depreciated, net	911,585				1,602,192
Governmental activities capital assets, net	<u>\$ 1,177,891</u>				<u>\$ 1,602,192</u>

Business-type activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Classical Charter Schools of Whiteville</u>					
Capital assets being depreciated:					
Nutrition equipment	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Total capital assets being depreciated	25,000		-	-	25,000
Less accumulated depreciation for:					
Nutrition equipment	4,767	-	5,000	-	9,767
Total accumulated depreciation	4,767	\$ -	\$ 5,000	\$ -	9,767
Capital assets being depreciated, net	20,233				15,233
Governmental activities capital assets, net	<u>\$ 20,233</u>				<u>\$ 15,233</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Classical Charter Schools of Wilmington</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 4,734	\$ (4,734)	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Leasehold improvements	406,550	-	116,557	-	523,107
Textbooks	65,416	-	-	-	65,416
Vehicles	96,252	-	-	-	96,252
Equipment	127,376	4,734	102,861	-	234,971
Total capital assets being depreciated	695,594		219,418	-	919,746
Less accumulated depreciation for:					
Leasehold improvements	140,564	-	19,751	-	160,315
Textbooks	65,416	-	-	-	65,416
Vehicles	96,252	-	-	-	96,252
Equipment	3,884	-	16,633	-	20,517
Total accumulated depreciation	306,116	\$ -	\$ 36,384	\$ -	342,500
Capital assets being depreciated, net	389,478				577,246
Governmental activities capital assets, net	<u>\$ 394,212</u>				<u>\$ 577,246</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Southport Charter, LLC</u>					
Capital assets not being depreciated:					
Land	\$ 328,714	\$ -	\$ -	\$ -	\$ 328,714
Construction in progress	8,326,703	(8,326,703)	-	-	-
Land improvements	2,161,387	-	-	-	2,161,387
Total capital assets not being depreciated	10,816,804	(8,326,703)	-	-	2,490,101
Capital assets being depreciated:					
Buildings	1,810,618	8,326,703	110,015	-	10,247,336
Building improvements	1,945,902	-	-	-	1,945,902
Equipment	-	-	31,919	-	31,919
Textbooks	15,450	-	-	-	15,450
Total capital assets being depreciated	3,771,970	8,326,703	141,934	-	12,240,607
Less accumulated depreciation for:					
Buildings	143,977	-	262,752	-	406,729
Building improvements	148,677	-	51,126	-	199,803
Equipment	-	-	2,899	-	2,899
Textbooks	9,270	-	3,090	-	12,360
Total accumulated depreciation	301,924	\$ -	\$ 319,867	\$ -	621,791
Capital assets being depreciated, net	3,470,046				11,618,816
Governmental activities capital assets, net	<u>\$ 14,286,850</u>				<u>\$ 14,108,917</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Leland Charter, LLC</u>					
Capital assets not being depreciated:					
Land	\$ 191,306	\$ -	\$ -	\$ -	\$ 191,306
Construction in progress	4,330,484	(4,330,484)	-	-	-
Total capital assets not being depreciated	4,521,790		-	-	191,306
Capital assets being depreciated:					
Buildings	6,167,576	-	-	-	6,167,576
Building improvements	3,022,424	4,330,484	2,259,156	-	9,612,064
Equipment	83,522	-	-	-	83,522
Vehicles	184,176	-	-	-	184,176
Total capital assets being depreciated	9,457,698	4,330,484	2,259,156	-	16,047,338
Less accumulated depreciation for:					
Buildings	420,945	-	158,143	-	579,088
Building improvements	195,004	-	209,428	-	404,432
Equipment	43,374	-	11,932	-	55,306
Vehicles	81,066	-	26,311	-	107,377
Total accumulated depreciation	740,389	\$ -	\$ 405,814	\$ -	1,146,203
Capital assets being depreciated, net	8,717,309				14,901,135
Governmental activities capital assets, net	<u>\$ 13,239,099</u>				<u>\$ 15,092,441</u>

Governmental activities:	Beginning	Transfers	Increases	Decreases	Ending
<u>Columbus Charter, LLC</u>					
Capital assets not being depreciated:					
Land	\$ 405,998	\$ -	\$ -	\$ -	\$ 405,998
Construction in progress	332,861	5,569	-	-	338,430
Total capital assets not being depreciated	738,859		-	-	744,428
Capital assets being depreciated:					
Buildings	6,875,849	-	-	-	6,875,849
Building improvements	3,644,151	-	-	-	3,644,151
Equipment	27,077	(6,500)	-	-	20,577
Vehicles	413,927	-	-	-	413,927
Total capital assets being depreciated	10,961,004		-	-	10,954,504
Less accumulated depreciation for:					
Buildings	465,985	-	176,304	-	642,289
Building improvements	241,387	-	93,440	-	334,827
Equipment	14,257	(931)	3,272	-	16,598
Vehicles	177,387	-	59,132	-	236,519
Total accumulated depreciation	899,016	\$ (931)	\$ 332,148	\$ -	1,230,233
Capital assets being depreciated, net	10,061,988				9,724,271
Governmental activities capital assets, net	<u>\$ 10,800,847</u>				<u>\$ 10,468,699</u>

Depreciation expense charged to governmental functions totaled \$1,297,494 as follows:

<u>Classical Charter Schools of Leland</u>	
Instructional programs	\$ 14,842
Supporting services	4,948
	<u>\$ 19,790</u>
<u>Classical Charter Schools of Southport</u>	
Instructional programs	\$ 10,808
Supporting services	3,603
	<u>\$ 14,411</u>
<u>Classical Charter Schools of Whiteville</u>	
Instructional programs	\$ 126,810
Supporting services	42,270
	<u>\$ 169,080</u>
<u>Classical Charter Schools of Wilmington</u>	
Instructional programs	\$ 27,288
Supporting services	9,096
	<u>\$ 36,384</u>
<u>Southport Charter, LLC</u>	
Instructional programs	\$ 239,900
Supporting services	79,967
	<u>\$ 319,867</u>
<u>Leland Charter, LLC</u>	
Instructional programs	\$ 324,651
Supporting services	81,163
	<u>\$ 405,814</u>
<u>Columbus Charter, LLC</u>	
Instructional programs	\$ 249,111
Supporting services	83,037
	<u>\$ 332,148</u>

## B. Liabilities

### 1. Retirement Plan

The Schools maintained a 401(k) Retirement Plan for the benefit of its employees for fiscal year 2024. Under the plan, the School contributes an amount equal to the employees' contributions up to a limit of 3% of the employees' compensation for the calendar year. The employee may make voluntary contributions, pursuant to a salary reduction agreement of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code. Classical Charter Schools of America, Inc. made all required contributions. For the year ended June 30, 2024, the retirement cost for the 401(k) plan to the Schools was \$338,984 with employees contributing \$648,156.

### 2. Risk Management

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

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

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

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

### 3. Long-Term Obligations

#### a.) Notes Payable to Related Schools and Entities

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

#### Classical Charter Schools of Wilmington

On July 8, 2013, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of \$300,000 with interest at a rate of 0.00%. The principal will be due on or before June 30, 2024 in the form of a lump sum payment. The note was obtained to assist with construction costs.

On September 13, 2013, Classical Charter Schools of Wilmington obtained a direct placement note from Classical Charter Schools of America, Inc. with a principal balance of \$100,000 with interest at a rate of 0.00%. The principal will be due on or before June 30, 2024 in the form of a lump sum payment. The note was obtained to assist with construction costs.

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

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

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

The School made no principal payments during the year ended June 30, 2024. A balance of \$510,000 remained due to Classical Charter Schools of America, Inc. as of year-end.

### Classical Charter Schools of Southport

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

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

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

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

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

No payments were made to Classical Charter Schools of America, Inc. during the year ended June 30, 2024. A balance of \$1,930,000 remained due to Classical Charter Schools of America, Inc. as of year-end.

### b.) General Obligation Bonds Payable

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

	Principal	Interest	Total
For fiscal year ended June 30, 2025	\$ 552,627	\$ 1,976,980	\$ 2,529,607
For fiscal year ended June 30, 2026	577,627	1,948,724	2,526,351
For fiscal year ended June 30, 2027	597,627	1,919,342	2,516,969
For fiscal year ended June 30, 2028	622,627	1,888,836	2,511,463
For fiscal year ended June 30, 2029	652,627	1,856,955	2,509,582
For fiscal year ended June 30, 2030 - 2034	3,693,135	8,757,053	12,450,188
For fiscal year ended June 30, 2035 - 2039	4,583,135	7,727,018	12,310,153
For fiscal year ended June 30, 2040 - 2044	5,728,135	6,444,360	12,172,495
For fiscal year ended June 30, 2045 - 2049	7,188,135	4,836,577	12,024,712
For fiscal year ended June 30, 2050 - 2054	9,073,135	2,813,418	11,886,553
For fiscal year ended June 30, 2055 - 2056	6,518,946	385,947	6,904,893
Totals	<u>\$ 39,787,756</u>	<u>\$ 40,555,210</u>	<u>\$ 80,342,966</u>

The Schools are required to meet a debt coverage ratio of 1.00 or above for any fiscal year, commencing with the year ending June 30, 2024 based on maximum annual lease payments and maximum annual debt service exclu

ding bond debt service. The School is in compliance with the debt service coverage ratio. Classical Charter School of Wilmington is not part of the obligated group and is not included in this calculation.

Change in fund balance (pg 28)	\$ (92,974)
Change in fund balance (pg 31)	(5,088)
Plus: capital outlay (pgs 41-44)	3,440,570
Plus: interest (pg 28)	<u>2,242,612</u>
Current year net income available for debt payments	5,585,120
Maximum annual lease payments	2,551,500
Maximum Annual debt service (not including payments to series 2020 bonds)	-
Coverage ratio	2.19

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

Unrestricted cash (pg 25)	\$ 5,401,861
Total operating expenses (pg 26)	
Less capital outlay and depreciation	\$ 28,316,449
Operating expenses divided by 365; multiplied by 45	\$ 3,491,069
Surplus cash	\$ 1,910,792
Days of cash on hand	70



c.) Changes in General Long-Term Obligations

The following is a summary of changes in Classical Charter Schools of America, Inc.'s long term obligations for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion
Governmental activities:					
Notes from direct borrowings and direct placements:					
Bonds payable 2020A	\$ 36,462,500	\$ -	\$ 222,500	\$ 36,240,000	\$ 440,000
Bonds payable 2020B	197,500	-	197,500	-	-
Bonds payable 2020A premium	3,660,383	-	112,627	3,547,756	112,627
Total	<u>\$ 40,320,383</u>	<u>\$ -</u>	<u>\$ 532,627</u>	<u>\$ 39,787,756</u>	<u>\$ 552,627</u>
	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion
Governmental activities:					
Notes from interdivisional loans					
Classical Charter Schools of Southport	\$ 1,930,000	\$ -	\$ -	\$ 1,930,000	\$ -
Classical Charter Schools of Wilmington	510,000	-	-	510,000	-
Total	<u>\$ 2,440,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,440,000</u>	<u>\$ -</u>

d.) General Long-Term Obligations

The following is a summary of each LLC's long-term obligations at June 30, 2024:

	Southport Charter, LLC		Whiteville Charter, LLC		Leland Charter, LLC	
	Ending Balance	Current Portion	Ending Balance	Current Portion	Ending Balance	Current Portion
Governmental activities:						
Bonds payable 2020A	\$ 12,321,600	\$ 149,600	\$ 10,872,000	\$ 132,000	\$ 13,046,400	\$ 158,400
Bonds payable 2020B	-	-	-	-	-	-
Bonds payable 2020A premium	1,206,237	38,293	1,064,327	33,788	1,277,192	40,546
Total	<u>\$ 13,527,837</u>	<u>\$ 187,893</u>	<u>\$ 11,936,327</u>	<u>\$ 165,788</u>	<u>\$ 14,323,592</u>	<u>\$ 198,946</u>

4. Capital Lease

Capital Lease – Related Party

The Schools entered into three capital lease agreements on December 1, 2020 for facility rental from Columbus Charter, LLC, Leland Charter, LLC and Southport Charter, LLC. The lease agreements is for total payments in principal and interest of \$81,136,753. The agreements require variable monthly payments and expires December 1, 2055. The Schools paid \$2,242,612 in principal and interest under these lease agreements for the year ended June 30, 2024. Future lease payments are included in the schedule below.

	Principal	Interest	Total
For fiscal year ended June 30, 2025	\$ 440,000	\$ 1,801,000	\$ 2,241,000
For fiscal year ended June 30, 2026	465,000	1,778,375	2,243,375
For fiscal year ended June 30, 2027	485,000	1,754,625	2,239,625
For fiscal year ended June 30, 2028	510,000	1,729,750	2,239,750
For fiscal year ended June 30, 2029	540,000	1,703,500	2,243,500
For fiscal year ended June 30, 2030 - 2034	3,130,000	8,074,250	11,204,250
For fiscal year ended June 30, 2035 - 2039	4,020,000	7,185,000	11,205,000
For fiscal year ended June 30, 2040 - 2044	5,165,000	6,043,125	11,208,125
For fiscal year ended June 30, 2045 - 2049	6,625,000	4,576,125	11,201,125
For fiscal year ended June 30, 2050 - 2054	8,510,000	2,693,750	11,203,750
For fiscal year ended June 30, 2055 - 2056	6,350,000	377,500	6,727,500
Totals	<u>\$ 36,240,000</u>	<u>\$ 37,717,000</u>	<u>\$ 73,957,000</u>

#### C. Fund Balance

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

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

<b><i>Total fund balance</i></b>	<b><i>\$11,417,648</i></b>
<b>Less:</b>	
<b>Reserve for prepaid items</b>	431,877
<b>Restricted for Bonds</b>	2,943,328
<b>Remaining Fund Balance</b>	<b>\$8,042,443</b>

#### IV. Transfers

The general fund transferred \$45,331 to the food service fund to fund food costs. The before and after school fund transferred \$84,869 to the general fund to cover the costs of facilities and supplies used by the fund.

#### V. Related Party Transactions

##### Classical Charter Schools of America, Inc.

Classical Charter Schools of America, Inc. issued non-interest bearing notes totaling \$1,930,000 to Classical Charter Schools of Southport. Classical Charter Schools of Southport has the same board of directors as Classical Charter Schools of America, Inc. Classical Charter Schools of America, Inc. issued non-interest bearing notes totaling \$735,000 to Classical Charter Schools of Wilmington. Classical Charter Schools of

Southport has the same board of directors as Classical Charter Schools of America, Inc. The funds from these notes were used for facilities development. At June 30, 2024, Classical Charter Schools of Southport owed Classical Charter Schools of America, Inc. \$1,930,000 and Classical Charter Schools of Wilmington owed Classical Charter Schools of America, Inc. \$510,000.

#### Classical Charter Schools of Leland

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

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2024, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of \$2,360,898. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

#### Classical Charter Schools of Whiteville

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

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

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2024, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of \$2,082,988. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

#### Classical Charter Schools of Southport

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

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2024, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of \$1,462,699. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

#### Classical Charter Schools of Wilmington

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

Roger Bacon Academy, Inc. is entitled to compensation for its services based on 16% of revenues, as defined in the management agreement. The agreement was approved by the Board of Classical Charter Schools of America, Inc., State Board of Education and the Internal Revenue Service. During the fiscal year ended June 30, 2024, management and administration fees were paid to Roger Bacon Academy, Inc. in the amount of \$366,664. Future obligations under the management agreement are subject to change and are indeterminable since terms are based on projected enrollments and revenues.

#### VI. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

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

##### VII. Subsequent Events – Date of Management’s Review

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

##### VIII. Prior Period Adjustments

The School reported several prior period adjustments in their current year financial statements. The general fund for Classical Charters of Leland (\$59,500), Whiteville (\$15,000) and Southport (\$59,000) all contain a prior period adjustment to the advance from the LLC’s related to each entity for prior year amounts not recorded. The Leland LLC (\$1,011,756) and the Whiteville LLC (\$1,010,256) each contain a prior period adjustment related to building costs. The prior year building and bond payable estimates were based on pre-COVID numbers and had to be adjusted to reflect the actual costs of construction of the respective buildings.

COMBINING STATEMENTS

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2024

**Classical Charter Schools of America, Inc.**  
**School Resources by Governmental Subfund**  
**June 30, 2024**

Classical Charter Schools of Leland					
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,827,987	\$ -	\$ -	\$ 175,205	\$ 4,003,192
Restricted cash	-	-	-	758,794	758,794
Due from other governments	36,683	-	-	-	36,683
Accounts receivable - other	1,008,430	-	-	-	1,008,430
Prepaid items	69,341	-	-	-	69,341
Advance from LLC	193,000	-	-	(193,000)	-
Total assets	5,135,441	-	-	740,999	5,876,440
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable - trade	466,884	-	-	69,060	535,944
Advance from LEA	-	-	-	-	-
Total liabilities	466,884	-	-	69,060	535,944
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-	-	-
Fund balances:					
Nonspendable: prepaids	69,341	-	-	-	69,341
Restricted for debt service	-	-	-	758,794	758,794
Unassigned	4,599,216	-	-	(86,855)	4,512,361
Total fund balances	4,668,557	-	-	671,939	5,340,496
Total liabilities, deferred inflows of resources, and funds balances	\$ 5,135,441	\$ -	\$ -	\$ 740,999	\$ 5,876,440

**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenditures and Changes in Governmental Subfund Balances**  
**For the Year Ended June 30, 2024**

**Classical Charter Schools of Leland**

	<b>County and Other</b>	<b>State Public School</b>	<b>Federal Grants</b>	<b>Capital Outlay</b>	<b>Fund Total</b>
<b>Revenues</b>					
State of North Carolina	\$ -	\$ 7,162,390	\$ -	\$ -	\$ 7,162,390
Local education agencies	3,068,655	-	-	-	3,068,655
U.S. Government	-	-	1,116,658	-	1,116,658
Fines and forfeitures	30,689	-	-	-	30,689
Contributions and donations	25,150	-	-	-	25,150
Rental income	-	-	-	810,941	810,941
Other	894,816	-	-	165,527	1,060,343
Total revenues	<u>4,019,310</u>	<u>7,162,390</u>	<u>1,116,658</u>	<u>976,468</u>	<u>13,274,826</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional programs	698,578	5,191,635	1,056,356	-	6,946,569
Athletics, arts and clubs	3,481	-	-	-	3,481
Support services	2,033,651	1,970,755	1,137	12,411	4,017,954
Community services	-	-	-	-	-
<b>Capital outlay:</b>	249,786	-	59,165	2,259,156	2,568,107
<b>Debt service:</b>					
Principal	-	-	-	151,200	151,200
Interest and other charges	-	-	-	656,140	656,140
Total expenditures	<u>2,985,496</u>	<u>7,162,390</u>	<u>1,116,658</u>	<u>3,078,907</u>	<u>14,343,451</u>
Excess (deficiency) of revenues over expenditures	<u>1,033,814</u>	<u>-</u>	<u>-</u>	<u>(2,102,439)</u>	<u>(1,068,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	-	-	-	-
Transfers to LLC rent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,033,814	-	-	(2,102,439)	(1,068,625)
Fund balances-beginning, previous	3,573,743	-	-	1,762,622	5,336,365
Restatement	61,000	-	-	1,011,756	1,072,756
Fund balances-beginning, restated	<u>3,634,743</u>	<u>-</u>	<u>-</u>	<u>2,774,378</u>	<u>6,409,121</u>
Fund balances-ending	<u>\$ 4,668,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,939</u>	<u>\$ 5,340,496</u>

**Classical Charter Schools of America, Inc.**  
**School Resources by Governmental Subfund**  
**June 30, 2024**

Classical Charter Schools of Whiteville					
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 533,372	\$ -	\$ -	\$ 73,197	\$ 606,569
Restricted cash	-	-	-	1,063,246	1,063,246
Due from other governments	56,160	-	-	-	56,160
Accounts receivable - other	830,633	-	-	-	830,633
Prepaid items	57,765	-	-	-	57,765
Advance from LLC	152,500	-	-	(152,500)	-
<b>Total assets</b>	<b>1,630,430</b>	<b>-</b>	<b>-</b>	<b>983,943</b>	<b>2,614,373</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable - trade	289,828	-	-	57,550	347,378
Advance from LEA	-	-	-	-	-
Total liabilities	289,828	-	-	57,550	347,378
<b>DEFERRED INFLOWS OF RESOURCES</b>					
-					
Fund balances:					
Nonspendable: prepaids	210,265	-	-	-	210,265
Restricted for debt service	-	-	-	1,063,246	1,063,246
Unassigned	1,130,337	-	-	(136,853)	993,484
Total fund balances	1,340,602	-	-	926,393	2,266,995
Total liabilities, deferred inflows of resources, and funds balances	\$ 1,630,430	\$ -	\$ -	\$ 983,943	\$ 2,614,373



**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenditures and Changes in Governmental Subfund Balances**  
**For the Year Ended June 30, 2024**

Classical Charter Schools of Whiteville					
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
<b>Revenues</b>					
State of North Carolina	\$ -	\$ 8,144,070	\$ -	\$ -	\$ 8,144,070
Local education agencies	815,503	-	-	-	815,503
U.S. Government	-	-	2,181,012	-	2,181,012
Fines and forfeitures	15,423	-	-	-	15,423
Contributions and donations	25,000	-	-	-	25,000
Rental income	-	-	-	675,784	675,784
Other	572,163	-	-	50,797	622,960
Total revenues	1,428,089	8,144,070	2,181,012	726,581	12,479,752
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional programs	-	4,778,846	1,777,763	-	6,556,609
Athletics, arts and clubs	5,005	-	-	-	5,005
Support services	913,458	3,267,811	45,863	8,270	4,235,402
Community services	-	-	-	-	-
<b>Capital outlay:</b>	138,582	97,413	357,386	-	593,381
<b>Debt service:</b>					
Principal	-	-	-	126,000	126,000
Interest and other charges	-	-	-	546,784	546,784
Total expenditures	1,057,045	8,144,070	2,181,012	681,054	12,063,181
Excess (deficiency) of revenues over expenditures	371,044	-	-	45,527	416,571
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(45,331)	-	-	-	(45,331)
Transfers to LLC rent	-	-	-	-	-
Total other financing sources (uses)	(45,331)	-	-	-	(45,331)
Net change in fund balance	325,713	-	-	45,527	371,240
Fund balances-beginning, previous	999,889	-	-	1,891,122	2,891,011
Restatement	15,000	-	-	(1,010,256)	(995,256)
Fund balances-beginning, restated	1,014,889	-	-	880,866	1,895,755
Fund balances-ending	\$ 1,340,602	\$ -	\$ -	\$ 926,393	\$ 2,266,995

**Classical Charter Schools of America, Inc.  
School Net Position by Proprietary Subfund  
June 30, 2024**

<b>Classical Charter Schools of Whiteville</b>
<b>Enterprise Activities</b>
<b>School Food Service</b>

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 205,873
Cash - restricted debt service fund	-
Prepays	-
Inventories	-
Total current assets	205,873

## Noncurrent assets:

## Capital assets:

Land	-
Other capital assets, net of depreciation	15,233
Total noncurrent assets	15,233
Total assets	\$ 221,106

**DEFERRED OUTFLOWS OF RESOURCES**

-
---

**LIABILITIES**

## Current liabilities:

Accounts payable - trade	\$ 70,588
Deferred revenue	-
Total current liabilities	70,588

## Long-term liabilities:

Due within one year	-
Due in more than one year	-

## Total long-term liabilities

-
---

70,588
--------

**DEFERRED INFLOWS OF RESOURCES**

-
---

**NET ASSETS**

Net investment in capital assets	-
Restricted for debt service	-
Unrestricted	150,518
Total net position	\$ 150,518

**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenses and Changes in Subfund Net Position**  
**For the Year Ended June 30, 2024**

	<b>Classical Charter Schools of Whiteville Enterprise Activities School Food Service</b>
<b>OPERATING REVENUES</b>	
Before and after school care	\$ -
Lunch sales	-
Rental income from school	-
Dividend and interest income	-
Total operating revenues	-
<b>OPERATING EXPENSES</b>	
Salary and related costs	38,850
Supplies and materials	2,550
Contracted services	642,294
Building rent	1,068
Food purchases	-
Interest expense	-
Small equipment	-
Depreciation expense	5,000
Total operating expenses	689,762
Operating income (loss)	(689,762)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal reimbursements	639,343
Total nonoperating revenue (expenses)	639,343
Income (loss) before contributions and transfers	-
Transfers (to) from other funds	45,331
Change in net position	(5,088)
Total net position - beginning	155,606
Total net position - ending	\$ 150,518

**Classical Charter Schools of America, Inc.**  
**School Statement of Cash Flows by Proprietary Subfund**  
**For the Year Ended June 30, 2024**

Classical Charter Schools of Whiteville
Enterprise Activities
School Food Service

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ -
Cash paid to employees for services	(38,850)
Cash paid for goods and services	(575,324)
Net cash provided (used) by operating activities	<u>(614,174)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Federal reimbursements	639,343
Transfer (to) from other funds	45,331
Net cash provided (used) by noncapital financing activities	<u>684,674</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Payments on bonds payable	-
Bond discount	-
Acquisition of capital assets	-
Net cash (used) by capital and related financing	<u>-</u>
Net increase (decrease) in cash and cash equivalents	70,500
Balances-beginning of the year	<u>135,373</u>
Balances-end of the year	<u>\$ 205,873</u>

## Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ (689,762)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,000
Changes in assets and liabilities:	
(Increase) decrease in prepaids	-
Increase (decrease) in accounts payable and accrued liabilities	70,588
Increase (decrease) in deferred inflows of resources	-
Total adjustments	<u>75,588</u>
Net cash provided (used) by operating activities	<u>\$ (614,174)</u>

**Classical Charter Schools of America, Inc.**  
**School Resources by Governmental Subfund**  
**June 30, 2024**

	Classical Charter Schools of Southport				
	County and Other	State Public School	Federal Grants	Capital Outlay	Fund Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 405,504	\$ -	\$ -	\$ 91,523	\$ 497,027
Restricted cash	-	-	-	1,122,538	1,122,538
Due from other governments	179,650	-	-	-	179,650
Accounts receivable - other	535,103	-	-	-	535,103
Prepaid items	66,734	-	-	-	66,734
Advance to LLC	159,500	-	-	(159,500)	-
<b>Total assets</b>	<b>1,346,491</b>	<b>-</b>	<b>-</b>	<b>1,054,561</b>	<b>2,401,052</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable - trade	205,223	-	-	65,223	270,446
Advance from LEA	-	-	-	-	-
Total liabilities	205,223	-	-	65,223	270,446
<b>DEFERRED INFLOWS OF RESOURCES</b>					
-					
Fund balances:					
Nonspendable: prepaids	226,234	-	-	-	226,234
Restricted for debt service	-	-	-	1,122,538	1,122,538
Unassigned	915,034	-	-	(133,200)	781,834
Total fund balances	1,141,268	-	-	989,338	2,130,606
Total liabilities, deferred inflows of resources, and funds balances	<b>\$ 1,346,491</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,054,561</b>	<b>\$ 2,401,052</b>

**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenditures and Changes in Governmental Subfund Balances**  
**For the Year Ended June 30, 2024**

<b>Classical Charter Schools of Southport</b>					
	<b>County and Other</b>	<b>State Public School</b>	<b>Federal Grants</b>	<b>Capital Outlay</b>	<b>Fund Total</b>
<b>Revenues</b>					
State of North Carolina	\$ -	\$ 4,473,119	\$ -	\$ -	\$ 4,473,119
Local education agencies	2,158,946	-	-	-	2,158,946
U.S. Government	61,658	-	290,741	-	352,399
Fines and forfeitures	17,760	-	-	-	17,760
Contributions and donations	100,100	-	-	-	100,100
Rental income	-	-	-	765,888	765,888
Other	297,078	-	-	95,121	392,199
Total revenues	2,635,542	4,473,119	290,741	861,009	8,260,411
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional programs	349,109	3,394,153	290,741	-	4,034,003
Athletics, arts and clubs	3,646	-	-	-	3,646
Support services	1,862,484	1,049,690	-	35,607	2,947,781
Community services	-	-	-	-	-
<b>Capital outlay:</b>	103,872	29,276	-	141,934	275,082
<b>Debt service:</b>					
Principal	-	-	-	142,800	142,800
Interest and other charges	-	-	-	619,688	619,688
Total expenditures	2,319,111	4,473,119	290,741	940,029	8,023,000
Excess (deficiency) of revenues over expenditures	316,431	-	-	(79,020)	237,411
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	-	-	-	-	-
Proceeds from debt	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	316,431	-	-	(79,020)	237,411
Fund balances-beginning	765,837	-	-	1,068,358	1,834,195
Restatement	59,000	-	-	-	59,000
Fund balances-beginning, restated	824,837	-	-	1,068,358	1,893,195
Fund balances-ending	\$ 1,141,268	\$ -	\$ -	\$ 989,338	\$ 2,130,606

**Classical Charter Schools of America, Inc.**  
**School Resources by Governmental Subfund**  
**June 30, 2024**

Classical Charter Schools of Wilmington				
	County and Other	State Public School	Federal Grants	Fund Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 33,944	\$ -	\$ -	\$ 33,944
Restricted cash	-	-	-	-
Due from other governments	71,742	-	-	71,742
Accounts receivable - other	432,330	-	-	432,330
Prepaid items	37	-	-	37
Security deposits	-	-	-	-
Total assets	538,053	-	-	538,053
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable - trade	42,786	-	-	42,786
Accrued salaries payable	-	-	-	-
Total liabilities	42,786	-	-	42,786
<b>DEFERRED INFLOWS OF RESOURCES</b>				
-				
Fund balances:				
Nonspendable:				
Reserve for prepaid items	37	-	-	37
Unassigned	495,230	-	-	495,230
Total fund balances	495,267	-	-	495,267
Total liabilities, deferred inflows of resources, and funds balances	\$ 538,053	\$ -	\$ -	\$ 538,053

**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenditures and Changes in Governmental Subfund Balances**  
**For the Year Ended June 30, 2024**

Classical Charter Schools of Wilmington				
	County and Other	State Public School	Federal Grants	Fund Total
<b>Revenues</b>				
State of North Carolina	\$ -	\$ 1,007,526	\$ -	\$ 1,007,526
Local education agencies	464,699	-	-	464,699
U.S. Government	-	-	492,275	492,275
Fines and forfeitures	8,140	-	-	8,140
Contributions and donations	250,000	-	-	250,000
Other	129,214	-	-	129,214
Total revenues	852,053	1,007,526	492,275	2,351,854
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs	249,828	709,106	492,275	1,451,209
Athletics, arts and clubs	-	-	-	-
Support services	470,051	192,120	-	662,171
Community services	-	-	-	-
<b>Capital outlay:</b>	113,118	106,300	-	219,418
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	832,997	1,007,526	492,275	2,332,798
Excess (deficiency) of revenues over expenditures	19,056	-	-	19,056
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	84,869	-	-	84,869
Proceeds from debt	-	-	-	-
Total other financing sources (uses)	84,869	-	-	84,869
Net change in fund balance	103,925	-	-	103,925
Fund balances-beginning	391,342	-	-	391,342
Fund balances-ending	\$ 495,267	\$ -	\$ -	\$ 495,267



Classical Charter Schools of America, Inc.  
School Net Position by Proprietary Subfund  
June 30, 2024

	Classical Charter Schools of Wilmington		
	Enterprise Activities		
	School Food Service	Before and After School	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,416	\$ 78,784	\$ 89,200
Cash - restricted debt service fund	-	-	-
Accounts receivable - trade	6,056	-	6,056
Inventories	-	-	-
Total current assets	16,472	78,784	95,256
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Other capital assets, net of depreciation	-	-	-
Total noncurrent assets	-	-	-
Total assets	\$ 16,472	\$ 78,784	\$ 95,256
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
-			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - trade	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Total current liabilities	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
-			
<b>NET ASSETS</b>			
Net investment in capital assets	-	-	-
Restricted for debt service	-	-	-
Unrestricted	16,472	78,784	95,256
Total net position	\$ 16,472	\$ 78,784	\$ 95,256

**Classical Charter Schools of America, Inc.**  
**School Revenues, Expenses and Changes in Subfund Net Position**  
**For the Year Ended June 30, 2024**

	Classical Charter Schools of Wilmington		
	Enterprise Activities		
	School Food Service	Before and After School	Total
<b>OPERATING REVENUES</b>			
Lunch sales	\$ -	\$ -	\$ -
Before and after school revenue	-	49,467	49,467
Total operating revenues	-	49,467	49,467
<b>OPERATING EXPENSES</b>			
Salary and related costs	12,758	-	12,758
Supplies and materials	-	-	-
Contracted services	110,700	-	110,700
Food purchases	-	1,166	1,166
Interest expense	-	-	-
Depreciation expense	-	-	-
Total operating expenses	123,458	1,166	124,624
Operating income (loss)	(123,458)	48,301	(75,157)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal reimbursements	127,683	-	127,683
Total nonoperating revenue (expenses)	127,683	-	127,683
Income (loss) before contributions and transfers	4,225	48,301	52,526
Capital contributions	-	-	-
Transfers (to) from other funds	-	(84,869)	(84,869)
Change in net position	4,225	(36,568)	(32,343)
Total net position - beginning	12,247	115,352	127,599
Total net position - ending	\$ 16,472	\$ 78,784	\$ 95,256

**Classical Charter Schools of America, Inc.**  
**School Statement of Cash Flows by Proprietary Subfund**  
**For the Year Ended June 30, 2024**

<b>Classical Charter Schools of Wilmington</b>			
<b>Enterprise Activities</b>			
<b>School Food</b>	<b>Before and</b>		
<b>Service</b>	<b>After School</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ -	\$ 49,492	\$ 49,492
Cash paid to employees for services	(12,758)	-	(12,758)
Cash paid for goods and services	(110,700)	(1,166)	(111,866)
Net cash provided (used) by operating activities	(123,458)	48,326	(75,132)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal reimbursements	121,627	-	121,627
Transfer (to) from other funds	-	(84,869)	(84,869)
Net cash provided (used) by noncapital financing activities	121,627	(84,869)	36,758
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Repayment of bonds payable	-	-	-
Bond discount	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,831)	(36,543)	(38,374)
Balances-beginning of the year	12,247	115,327	127,574
Balances-end of the year	\$ 10,416	\$ 78,784	\$ 89,200
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (123,458)	\$ 48,301	\$ (75,157)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	25	25
Increase (decrease) in accounts payable and accrued liabilities	-	-	-
Increase (decrease) in deferred inflows of resources	-	-	-
Total adjustments	-	25	25
Net cash provided (used) by operating activities	\$ (123,458)	\$ 48,326	\$ (75,132)

Classical Charter Schools of America, Inc.  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 All Fund Types  
 Year Ended June 30, 2024

	Classical Charter Schools of Leland			Classical Charter Schools of Whiteville			Classical Charter Schools of Southport			Classical Charter Schools of Wilmington		
	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues:</b>												
State of North Carolina	\$ 7,180,810	\$ 7,162,390	\$ (18,420)	\$ 8,195,374	\$ 8,144,070	\$ (51,304)	\$ 4,524,517	\$ 4,473,119	\$ (51,398)	\$ 1,016,740	\$ 1,007,526	\$ (9,214)
Boards of Education	3,043,909	3,068,655	24,746	834,051	815,503	(18,548)	2,172,249	2,158,946	(13,303)	401,112	464,699	63,587
Fines and forfeitures	30,673	30,689	16	15,442	15,423	(19)	17,760	352,399	334,639	8,400	8,140	(260)
U.S.Government	1,122,335	1,116,658	(5,677)	2,415,056	2,181,012	(234,044)	353,760	17,760	(336,000)	611,282	492,275	(119,007)
Before and after school	-	-	-	-	-	-	-	-	-	-	49,467	49,467
Contributions and donations	25,150	25,150	-	25,000	25,000	-	100,000	100,100	100	250,000	250,000	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Others	894,150	894,816	666	586,097	572,163	(13,934)	297,078	297,078	-	192,305	129,214	(63,091)
<b>Total revenues</b>	<b>12,297,027</b>	<b>12,298,358</b>	<b>1,331</b>	<b>12,071,020</b>	<b>11,753,171</b>	<b>(317,849)</b>	<b>7,465,364</b>	<b>7,399,402</b>	<b>(65,962)</b>	<b>2,479,839</b>	<b>2,401,321</b>	<b>(78,518)</b>
<b>Expenditures</b>												
Salaries and bonuses	4,319,941	4,322,041	(2,100)	4,826,705	4,826,705	-	2,620,080	2,620,080	-	1,046,132	1,038,129	8,003
Benefits	1,081,222	1,074,186	7,036	1,151,615	1,157,750	(6,135)	667,973	668,093	(120)	238,364	238,253	111
Books and supplies	347,500	334,266	13,234	295,000	308,502	(13,502)	209,500	215,584	(6,084)	48,000	48,401	(401)
Contracted student services	954,428	956,240	(1,812)	715,740	703,257	12,483	496,722	492,555	4,167	152,169	151,023	1,146
Staff development	5,000	4,121	879	5,000	3,667	1,333	2,500	2,049	451	1,000	1,468	(468)
Administrative services	2,749,002	2,765,951	(16,949)	2,366,472	2,366,542	(70)	1,648,723	1,647,296	1,427	439,693	432,367	7,326
Insurances	149,000	147,782	1,218	149,000	148,549	451	135,500	134,901	599	61,000	56,256	4,744
Rents and debt service	922,171	854,592	67,579	608,705	608,681	24	765,923	765,888	35	1	-	1
Facilities	375,000	228,684	146,316	574,000	594,400	(20,400)	209,000	184,261	24,739	149,000	142,996	6,004
Utilities	148,000	138,281	9,719	178,000	145,649	32,351	107,960	98,934	9,026	53,230	49,429	3,801
Transportation and travel	12,500	16,248	(3,748)	195,500	191,338	4,162	6,500	6,047	453	8,000	7,902	98
Technology	110,500	110,864	(364)	105,500	96,341	9,159	59,500	66,762	(7,262)	22,500	22,383	117
Non Capital Equipment	70,000	59,754	10,246	55,500	52,001	3,499	69,500	65,420	4,080	26,500	25,119	1,381
Capital purchases	217,500	219,719	(2,219)	335,000	195,509	139,491	118,000	99,783	18,217	105,000	102,861	2,139
Nutrition and food	28,500	28,317	183	675,000	664,985	10,015	14,000	13,637	363	140,000	118,893	21,107
Others	2,500	3,498	(998)	3,000	3,013	(13)	2,000	1,681	319	25,000	21,942	3,058
Depreciation	-	-	-	-	5,000	(5,000)	-	-	-	-	-	-
<b>Total expenditures</b>	<b>11,492,764</b>	<b>11,264,544</b>	<b>228,220</b>	<b>12,239,737</b>	<b>12,071,889</b>	<b>167,848</b>	<b>7,133,381</b>	<b>7,082,971</b>	<b>50,410</b>	<b>2,515,589</b>	<b>2,457,422</b>	<b>58,167</b>
<b>Other financing sources (uses):</b>												
Federal reimbursements	-	-	-	625,000	639,343	14,343	-	-	-	100,000	127,683	27,683
Proceeds from Loans	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>625,000</b>	<b>639,343</b>	<b>14,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>127,683</b>	<b>27,683</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 804,263</b>	<b>\$ 1,033,814</b>	<b>\$ 229,551</b>	<b>\$ 456,283</b>	<b>\$ 320,625</b>	<b>\$ (135,658)</b>	<b>\$ 331,983</b>	<b>\$ 316,431</b>	<b>\$ (15,552)</b>	<b>\$ 64,250</b>	<b>\$ 71,582</b>	<b>\$ 7,332</b>
prepaid												

COMPLIANCE SECTION

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.

LELAND, NORTH CAROLINA

JUNE 30, 2024



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Classical Charter Schools of America, Inc. as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises Classical Charter Schools of America, Inc.'s basic financial statements and have issued our report thereon dated November 25, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Classical Charter Schools of America, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Classical Charter Schools of America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Classical Charter Schools of America, Inc.'s internal control.

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

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

## Compliance and Other Matters

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

### Purpose of this report

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

*Rebekah Barr, CPA PC*

---

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

November 25, 2024



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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Classical Charter Schools of America, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Classical Charter Schools of America, Inc.'s major federal program for the year ended June 30, 2024. Classical Charter Schools of America, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Classical Charter Schools of America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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



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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Example Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control Over Compliance**

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

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

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

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

*Rebekah Barr, CPA PC*

---

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

November 25, 2024



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

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

**Report on Compliance for Each Major State Program**

We have audited Classical Charter Schools of America, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2024. Classical Charter Schools of America, Inc.'s major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Classical Charter Schools of America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major State Program***

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

We are required to be independent of Classical Charter Schools of America, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Classical Charter Schools of America, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Classical Charter Schools of America, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always

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

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

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

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

#### **Report on Internal Control Over Compliance**

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

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

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

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

*Rebekah Barr, CPA PC*

---

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

November 25, 2024

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2024

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted	_____ yes	_____ <u>X</u> no
--	-----------	-------------------

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA Number</u>
Education Stabilization Funds	84.425D

Dollar threshold used to distinguish between Type A and Type B Programs	\$ <u>750,000</u>
---	-------------------

Auditee qualified as low-risk auditee?	_____ yes	_____ <u>X</u> no
--	-----------	-------------------

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

State Awards

Internal control over major state programs:

Material weakness(es) identified?                           yes                      X   no

Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses?                           yes                      X   none reported

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

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

Identification of major state programs:

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

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024

There were no prior year audit findings.

CLASSICAL CHARTER SCHOOLS OF AMERICA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Direct Award:			
Rural Education Achievement Grant	84.358	PRC 341	\$ 61,658
Passed Through the North Carolina Department of Public Instruction:			
Title 1 Basic Funding	84.010A	PRC 050	694,187
Improving Teacher Quality	84.367A	PRC 103	135,855
Student Support and Academic Enrich Rural and Low Income Schools	84.424A	PRC 108	59,331
	84.358A	PRC 109	22,674
Education Stabilization Funds:			
CARES ACT K12 Emergency Relief	84.425D	PRC 163	-
ESSERF - EC Grants	84.425D	PRC 167	-
GEER - Student Health Support	84.425D	PRC 169	-
GEER - Supplemental Instructional	84.425D	PRC 170	-
ESSER II - Supplemental K12 Emergency	84.425D	PRC 171	180,885
ESSER II - Instructional Support	84.425D	PRC 173	-
ESSER III - K12 Emergency Relief	84.425D	PRC 181	2,445,062
ESSER III - ARP - Instructional Learning	84.425D	PRC 189	7,106
ESSER III - ARP - COVID-19 Student	84.425D	PRC 202	-
Total Education Stabilization Funds			<u>2,633,053</u>
Special Education Cluster:			
Idea VI-B Pre-School Handicapped	84.027-CL	PRC 049	6,788
Idea VI-B Handicapped	84.027-CL	PRC 060	529,307
ESSER III - ARP - Idea 611 Grants	84.027	PRC 185	4,035
ESSER III - ARP - Idea Preschool	84.027	PRC 186	-
Special Needs Targeted Assistance	84.027-CL	PRC 118	3,457
Total Special Education Cluster			<u>543,587</u>
<u>US Department of Agriculture</u>			
Passed Through the NC Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	-
			-
TOTAL FEDERAL CASH ASSISTANCE			<u>4,150,345</u>
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
Summer Reading Camps		PRC 016	95,415
Charter Schools		PRC 036	20,584,279
School Safety Grants		PRC 040	91,426
Third Grade Read to Achieve		PRC 046	3,500
Principal and Teacher Performance Bonuses		PRC 048	10,765
TOTAL NC STATE CASH ASSISTANCE			<u>20,785,385</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 24,935,730</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Classical Charter Schools of America, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Classical Charter Schools of America, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Classical Charter Schools of America, Inc.

Note 2: Indirect Costs

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

Note 3: Summary of Significant Accounting Policies

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