

LIBERTY STEAM CHARTER SCHOOL

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

SUMTER, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

June 30, 2024

(With Independent Auditors' Report Thereon)

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SUMTER, SOUTH CAROLINA
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
Liberty STEAM Charter School
Sumter, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Liberty STEAM Charter School (“the School”), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School at June 30, 2024, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

This discussion and analysis of Liberty STEAM Charter School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$3,621,375 (net position). Of this amount, \$47,845 is restricted for future uses. Therefore, the School reported \$1,088,047 in unrestricted net position,

The School's net position increased by \$3,252,742 during the current fiscal year, as compared to an increase of \$269,901 in the previous fiscal year.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$1,135,892, compared to a fund balance of \$673,206 in the previous fiscal year.

The School continued work on its elementary academy building during the year. Its total capital assets, net of accumulated depreciation, were \$9,038,093, an increase of \$7,686,917.

The School borrowed under its construction loan during the year to support its construction program. The School repaid its line of credit borrowings during the year.

During the 2024 fiscal year, the School's governmental fund-type revenues were \$13,456,858. The School reported governmental fund-type revenues of \$5,429,040 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$16,248,629.

Overall

The 135-day student count increased by 259, from 326 students in the prior year to 585 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

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

Other Information

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

**Major Features of Liberty STEAM Charter School
Government-Wide and Fund Financial Statements**

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

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$3,621,375 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2024 compared to 2023:

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 1,402,002	\$ 851,902
Capital assets	9,038,093	1,351,176
Total assets	<u>10,440,095</u>	<u>2,203,078</u>
Liabilities		
Long-term liabilities	6,552,610	1,697,422
Other liabilities	266,110	137,023
Total liabilities	<u>6,818,720</u>	<u>1,834,445</u>
Net Position		
Net investment in capital	2,485,483	-
Restricted	47,845	41,673
Unrestricted net position	<u>1,088,047</u>	<u>326,960</u>
Total net position	<u>\$ 3,621,375</u>	<u>\$ 368,633</u>

During the fiscal year, net position of the School's governmental activities increased by \$3,252,742. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,088,047 at June 30, 2024.

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

Government-Wide Financial Analysis, continued

The following table shows the changes in net position for fiscal year 2024 and 2023:

Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Operating grants	\$ 7,511,124	\$ 4,168,952
Charges for services	13,706	22,342
General revenue:		
Other revenue	5,932,027	1,237,748
Total revenues	13,456,857	5,429,042
Program Expenses		
Instruction	4,394,778	1,842,910
Support services	5,201,476	3,246,390
Interest and other charges	607,861	69,841
Total expenses	10,204,115	5,159,141
Increase in net position	\$ 3,252,742	\$ 269,901

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2024, the School's Governmental Funds reported combined fund balances of \$1,135,892 as compared to \$714,879 for the prior year. State funding increased significantly by \$3,321,004 for the year, driven by the substantial enrollment increases. The School also benefited by contributions of over \$5,000,000 during the year. The School's expenses also increased significantly by \$3,265,895, as the School invested in staffing and other costs to continue to provide quality educational opportunities to its growing student body.

The Special Revenue Funds consists of various federal, state, local funds, and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. Federal and state funds that were received during the year were expended during the current fiscal year; therefore, there was no fund balance at the end of the previous or current year. The School has restricted contributions received during the year that were not expended by year-end; therefore, that Special Revenue Fund does have a fund balance at year-end.

General Fund Budgetary Highlights

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2024, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the School had \$9,038,093 net investment in capital assets. The year-end total of capital assets was \$9,466,783, with a total accumulated depreciation of \$428,690. The depreciation expense taken during the year was \$428,545, and capital asset additions were \$6,247,244. The School continued its construction project for a new elementary building during the year. The School also recognized a Right of Use Asset – Building of \$1,868,218 to account for its long-term lease of a school building.

The following table shows fiscal 2024 and 2023:

		Capital Assets (Net of Depreciation)		
		Governmental Activities		
		2024	2023	
Land improvements	\$	429,154	\$	17,409
Leashold improvements		4,034,919		-
Furniture and fixtures		374,538		-
Equipment		431,380		-
Building - Right of Use		1,696,965		-
Construction in progress		2,071,137		1,333,767
Totals		\$ 9,038,093	\$	1,351,176

Long-term Debt

At fiscal year-end, the School had \$6,552,610 in notes payable and lease liabilities. The School borrowed \$3,212,784 under its construction loan and repaid \$110,206 on its line of credit. The School also recognized a lease liability of \$1,868,218 to account for its long-term lease of a school building.

Economic Factors

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

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

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 117 North Main Street, Sumter, South Carolina 29150.

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Statement of Net Position
June 30, 2024**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,221,477
Due from other governmental units	104,467
Prepaid expenses	76,058
Capital assets	9,466,784
Less accumulated depreciation	<u>(428,691)</u>
Total capital assets, net of depreciation	<u>9,038,093</u>
Total assets	<u>10,440,095</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	266,110
Long-term liabilities:	
Due within one year	4,934,409
Due in more than one year	<u>1,618,201</u>
Total liabilities	<u>6,818,720</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,485,483
Restricted	47,845
Unrestricted net position	<u>1,088,047</u>
Total net position	<u>\$ 3,621,375</u>

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2024**

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 4,394,778	\$ -	\$ 3,234,943	\$ (1,159,835)
Support services	5,201,476	13,706	3,828,742	(1,359,028)
Interest and other charges	607,861	-	447,439	(160,422)
Total governmental activities	10,204,115	13,706	7,511,124	(2,679,285)
Total	\$ 10,204,115	\$ 13,706	\$ 7,511,124	(2,679,285)
General revenues:				
Other				1,787
Unrestricted donations				5,930,240
Total general revenues				5,932,027
Change in net position				3,252,742
Net position, beginning of year				368,633
Net position, end of year				\$ 3,621,375

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2024**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,221,477	\$ -	\$ -	\$ 1,221,477
Due from other governmental units	14,609	89,858	-	104,467
Due from other funds	42,013	-	-	42,013
Prepaid expenses	76,058	-	-	76,058
 Total assets	 <u>\$ 1,354,157</u>	 <u>\$ 89,858</u>	 <u>\$ -0-</u>	 <u>\$ 1,444,015</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 266,110	\$ -	\$ -	\$ 266,110
Due to other funds	-	42,013	-	42,013
 Total liabilities	 <u>266,110</u>	 <u>42,013</u>	 <u>-0-</u>	 <u>308,123</u>
Fund balances:				
Nonspendable	76,058	-	-	76,058
Restricted	-	47,845	-	47,845
Unassigned	1,011,989	-	-	1,011,989
 Total fund balances	 <u>1,088,047</u>	 <u>47,845</u>	 <u>-0-</u>	 <u>1,135,892</u>
 Total liabilities and fund balances	 <u>\$ 1,354,157</u>	 <u>\$ 89,858</u>	 <u>\$ -0-</u>	 <u>\$ 1,444,015</u>

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024**

Total fund balance - Governmental Funds	\$	1,135,892
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$9,466,784 and the accumulated depreciation is \$428,691.		9,038,093
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(6,552,610)</u>
Net position of governmental activities	\$	<u><u>3,621,375</u></u>

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 424,609	\$ 5,536,997	\$ -	\$ 5,961,606
State	5,527,411	67,556	1,179,720	6,774,687
Federal	-	720,565	-	720,565
Intergovernmental	-	-	-	-
	<u>5,952,020</u>	<u>6,325,118</u>	<u>1,179,720</u>	<u>13,456,858</u>
EXPENDITURES				
Current:				
Instruction	3,962,275	46,525	43,145	4,051,945
Support services	3,599,811	697,007	6,284	4,303,102
Community services	-	-	-	-
Intergovernmental	133,354	-	-	133,354
Debt services				
Redemption of principal	225,814	-	-	225,814
Interest payments	474,507	-	-	474,507
Capital outlay	7,059,907	-	-	7,059,907
	<u>15,455,668</u>	<u>743,532</u>	<u>49,429</u>	<u>16,248,629</u>
Excess (deficiency) of revenues over expenditures	<u>(9,503,648)</u>	<u>5,581,586</u>	<u>1,130,291</u>	<u>(2,791,771)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	3,212,784	-	-	3,212,784
Operating transfers in	6,705,705	-	-	6,705,705
Operating transfers out	-	(5,575,414)	(1,130,291)	(6,705,705)
	<u>9,918,489</u>	<u>(5,575,414)</u>	<u>(1,130,291)</u>	<u>3,212,784</u>
Net changes in fund balance	414,841	6,172	-0-	421,013
FUND BALANCE, July 1, 2023	<u>673,206</u>	<u>41,673</u>	<u>-0-</u>	<u>714,879</u>
FUND BALANCE, June 30, 2024	<u>\$ 1,088,047</u>	<u>\$ 47,845</u>	<u>\$ -0-</u>	<u>\$ 1,135,892</u>

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024**

Total net changes in fund balance - Governmental Funds	\$	421,013
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$6,247,244), less disposals, exceeds depreciation (\$428,545) in the period.</p>		5,818,699
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>		(3,212,784)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		<u>225,814</u>
Change in net position of governmental activities	\$	<u><u>3,252,742</u></u>

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

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Liberty STEAM Charter School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The School began operations in August 2021. The School operates within the South Carolina Public Charter School District (“the District”). The School serves approximately 585 students from kindergarten through grade three in Sumter County, South Carolina.

A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter.

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The School reports the following major Governmental Funds:

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

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

1) Deposits and Investments

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

2) Prepaid Items

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

3) Receivables and Payables

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

4) Capital Assets

Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over an estimated useful life of five to fifteen years.

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

5) Long-term Obligations

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

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

6) Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

7) Compensated Absences

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

8) Fund Equity

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

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. The School has \$47,845 in restricted fund balances for its food service operation. Committed fund balance amounts are established by the School Board through motions passed at the School Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

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

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

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

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Fund Equity, continued

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

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

9) Net Position

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

10) Fair Value

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

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

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

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

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

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

11) Use of Estimates

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

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2024, the School’s carrying amount of deposits was \$1,341,657 and the bank balance was \$1,361,565, of which \$1,111,565 was not covered by FDIC insurance and was not collateralized. The School had no investments at June 30, 2024.

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

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

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

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

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

B. Due to/From Other Funds

Interfund balances at June 30, 2024, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 42,013	\$ -
Special Revenue Funds:		
Special Projects Fund	-	42,013
	\$ 42,013	\$ 42,013

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024**

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Due to/From Other Funds, Continued

The General Fund receivable is a result of the Special Revenue Fund owing the General Fund for amounts expended by the Special Revenue Fund for which funding was not yet received.

The General Fund received transfers of \$5,575,414 from the Special Revenue Fund for restricted contributions to be expended in the General Fund in accordance with donor restrictions. The General Fund received transfers of \$1,130,291 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,333,767	\$ 5,302,773	\$ (4,565,404)	\$ 2,071,136
Total capital assets not being depreciated, net	1,333,767	5,302,773	(4,565,404)	2,071,136
Capital assets, being depreciated:				
Land improvements	17,555	-	433,363	450,918
Leasehold improvements	-	-	4,132,041	4,132,041
Equipment	-	541,544	-	541,544
Furniture and fixtures	-	402,926	-	402,926
	17,555	944,470	4,565,404	5,527,429
Less accumulated depreciation for:				
Land improvements	146	21,618	-	21,764
Leasehold improvements	-	97,121	-	97,121
Equipment	-	110,164	-	110,164
Furniture and fixtures	-	28,388	-	28,388
	146	257,291	-0-	257,437
Total capital assets being depreciated, net	17,409	687,179	-0-	5,269,992
Lease assets, being amortized:				
Right of Use Asset - Building	-	1,868,218	-	1,868,218
Less accumulated depreciation for:				
Right of Use Asset - Building	-	171,253	-	171,253
Total lease assets being amortized, net	-0-	1,696,965	-0-	1,696,965
Governmental Activities capital assets, net	\$ 1,351,176	\$ 7,686,917	\$ -0-	\$ 9,038,093
Depreciation was charged to functions/programs as follows:				
Governmental Activities:				
Instruction			\$ 342,835	
Support			85,709	
Total depreciation expense - Governmental Activities			\$ 428,544	

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024**

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Capital Assets, Continued

During the year ended June 30, 2023, the School began renovation of a leased building and additional construction of its elementary academy building. As of June 30, 2024, the School has expended \$6,636,540 on this project. Completed components have been transferred to land improvement and leasehold improvement accounts and the remaining cost of the uncompleted portion is included as construction in progress. The School expects the project will be completed within the next fiscal year.

As discussed at Note III. F. below, the School follows the guidance of GASB Statement 87 *Leases*. During the year ended June 30, 2024, the School recognized an intangible Right of Use Asset - Building in the amount of \$1,868,218. This asset is being amortized over the remaining term of the related building lease, which is ten years.

D. Related Party Transactions

In 2019, the School entered into a Memorandum of Agreement (“MOA”) with the Quixote Foundation (“Quixote”), a South Carolina non-profit organization. Under the MOA, Quixote agreed to complete the construction, renovation and upfitting of a building to meet the educational needs of the School’s students. Quixote would then lease the completed facility to the School for use in carrying out its mission. Quixote may also provide support to the School in strategic planning, financial support of campus programming and staffing, and additional resources to further the mission of the School.

In February 2022, in accordance with the MOA, the School entered into a lease agreement with Quixote for the renovated educational facility. The annual rental cost is established at \$1. The lease term is for twenty years ending December 2042, with an option for a twenty-year renewal. During the initial term of the lease, the agreement stipulates that the agreement may be terminated by either party with a one-year notice of termination.

E. Long-term Debt

In September 2022, the School entered into a \$500,000 line of credit agreement with a bank. The line requires monthly interest payments, with interest due computed at the prime rate, with outstanding principal due September 2023. The School repaid \$110,206 on this loan during the year and owed nothing as of June 30, 2024.

In June 2023, the School entered into a \$5,000,000 promissory note agreement with a bank. The note requires monthly interest payments, with interest due computed at the Term SOFR rate plus 3.00%, with outstanding principal due June 2025. The School owed \$4,800,000 on this loan as of June 30, 2024. The proceeds of this loan are being used to fund the School’s construction project for its new elementary building. The loan has been cosigned by a member of the School’s Board of Directors.

As discussed at Note III. F., the School follows GASB Statement #87 *Leases*. As a result, the School has recognized a lease liability relating to its building lease in the amount of \$1,868,218. This lease liability is due in monthly payments ranging from \$18,037 to \$22,371 through August 2033.

Maturities of the lease liabilities outstanding at June 30, 2024, are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2025	\$ 134,409	93,064	227,473	
2026	147,330	85,334	232,664	
2027	160,413	76,904	237,317	
2028	174,329	67,734	242,063	
2029	189,133	57,777	246,910	
2030 - 2034	<u>946,996</u>	<u>114,066</u>	<u>1,061,062</u>	
Total	\$ <u>1,752,610</u>	\$ <u>494,879</u>	\$ <u>2,247,489</u>	

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2024**

III. DETAILED NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$500,000 line of credit	\$ 110,206	\$ -	\$ 110,206	\$ -	\$ -
Promissory note	1,587,216	3,312,784	100,000	4,800,000	4,800,000
Lease liability	-	1,868,218	115,608	1,752,610	134,409
Total long-term obligations	<u>\$ 1,697,422</u>	<u>\$ 5,181,002</u>	<u>\$ 325,814</u>	<u>\$ 6,552,610</u>	<u>\$ 4,934,409</u>

F. Lease Obligations

During 2020 the School entered into a short-term lease agreement for office space. After the initial term, the School continues leasing on a month-to-month basis at \$1,200 monthly.

As discussed above, the School has a lease agreement with Quixote for its educational facility. The annual rental cost is established at \$1. The lease term is for twenty years ending December 2042, with an option for a twenty-year renewal. During the initial term of the lease, the agreement stipulates that the agreement may be terminated by either party with a one-year notice of termination. For the year ended June 30, 2024, in-kind contribution revenue and expense of \$396,000, representing the fair market value of the lease, was recorded for the use of the facility.

In October 2022, the School entered into a lease agreement for a building to be used for its elementary school. The School is renovating the existing building and constructing additional space. The lease term commenced September 2023 and runs through August 2033. Monthly payments began September 2023 and will continue for 120 months at monthly rates from \$18,037 to \$22,371. The School follows GASB Statement #87 *Leases*. The School has analyzed its lease and recognized a Right of Use Asset - Building in the amount of \$1,868,218. This asset is being amortized over the remaining term of the related lease, which is ten years. The School also recognized a lease liability in the amount of \$1,868,218.

IV. OTHER INFORMATION

A. Risk Management

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

B. Employee Retirement Plan

The School maintains a 403(b) Plan (“the Plan”). Employees contribute through payroll deductions to the Plan, and the School may match a percentage of the employee’s contributions. These provisions were established by the Board. The School contributed \$92,983 to the Plan for the year ended June 30, 2024.

C. Commitments and Contingencies

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

D. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 24, 2024, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2024.

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1700 Pupil activities			
1790 Other pupil activity income	\$ -	\$ 13,706	\$ 13,706
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	-	396,000	396,000
1950 Refund of prior year's expenditures	-	1,787	1,787
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	13,116	13,116
Total local sources	<u>-</u>	<u>424,609</u>	<u>424,609</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	6,700,000	5,512,504	(1,187,496)
3300 State aid to classrooms - Education Finance Act (EFA)			
3330 Miscellaneous EFA programs			
3392 NBC excess EFA formula	-	14,907	14,907
Total state sources	<u>6,700,000</u>	<u>5,527,411</u>	<u>(1,172,589)</u>
4000 Revenue from federal sources			
4100 Federally impacted areas			
4100 Federally impacted areas	127,501	-	(127,501)
Total federal sources	<u>127,501</u>	<u>-</u>	<u>(127,501)</u>
Total revenues all sources	<u>6,827,501</u>	<u>5,952,020</u>	<u>(875,481)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	522,122	519,679	2,443
200 Employee benefits	137,853	109,464	28,389
300 Purchased services	22,500	-	22,500
400 Supplies and materials	37,500	33,000	4,500

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
112 Primary programs			
100 Salaries	\$ 2,240,532	\$ 2,133,604	\$ 106,928
200 Employee benefits	591,555	451,073	140,482
300 Purchased services	67,500	4,418	63,082
400 Supplies and materials	112,500	178,725	(66,225)
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	297,486	300,856	(3,370)
200 Employee benefits	78,546	65,012	13,534
300 Purchased services	-	95,685	(95,685)
400 Supplies and materials	-	2,655	(2,655)
140 Special programs			
141 Gifted and talented academic			
100 Salaries	34,989	51,561	(16,572)
200 Employee benefits	9,248	11,106	(1,858)
150 Districtwide general/exceptional			
150 Districtwide general/exceptional			
600 Other objects	-	5,437	(5,437)
Total instruction	<u>4,152,331</u>	<u>3,962,275</u>	<u>190,056</u>
200 Support services			
213 Health services			
100 Salaries	92,663	108,983	(16,320)
200 Employee benefits	24,466	23,600	866
400 Supplies and materials	4,500	6,960	(2,460)
215 Exceptional program services			
300 Purchased services	75,000	-	75,000
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	582,414	499,997	82,417
200 Employee benefits	153,771	124,588	29,183
300 Purchased services	90,000	2,795	87,205
224 Improvement of instruction inserv and staff training			
300 Purchased services	-	49,682	(49,682)

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
230 General administrative services			
231 Board of education			
300 Purchased services	\$ 11,500	\$ 9,413	\$ 2,087
318 Audit services	8,500	8,500	-
600 Other objects	10,000	-	10,000
233 School administration			
100 Salaries	355,800	426,326	(70,526)
200 Employee benefits	93,940	91,979	1,961
300 Purchased services	125,000	246,683	(121,683)
400 Supplies and materials	25,000	61,103	(36,103)
600 Other objects	-	11,511	(11,511)
250 Finance and operations services			
252 Fiscal services			
100 Salaries	124,326	108,586	15,740
200 Employee benefits	32,825	23,411	9,414
300 Purchased services	20,000	28,494	(8,494)
400 Supplies and materials	40,000	-	40,000
600 Other objects	20,000	12,103	7,897
253 Facilities acquisition and construction			
300 Purchased services	-	93,220	(93,220)
520 Construction services	-	5,362,214	(5,362,214)
540 Equipment	-	1,207,175	(1,207,175)
545 Technology equipment and software	-	490,518	(490,518)
254 Operation and maintenance of plant			
100 Salaries	257,660	324,480	(66,820)
200 Employee benefits	68,028	69,942	(1,914)
300 Purchased services	392,415	708,675	(316,260)
321 Public util (excl gas, oil, elect & oth heating fuels)	20,000	17,326	2,674
400 Supplies and materials	140,000	244,816	(104,816)
258 Security			
300 Purchased services	-	325	(325)
260 Central support services			
263 Information services			
300 Purchased services	25,000	21,773	3,227
400 Supplies and materials	50,000	-	50,000

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
266 Technology and data processing services			
300 Purchased services	\$ 90,000	\$ 206,100	\$ (116,100)
400 Supplies and materials	90,000	9,561	80,439
270 Support services - pupil activity			
271 Pupil service activities			
400 Supplies and materials	-	32,983	(32,983)
600 Other objects	1,500	5,920	(4,420)
660 Pupil activity	-	19,976	(19,976)
Total support services	<u>3,024,308</u>	<u>10,659,718</u>	<u>(7,635,410)</u>
400 Other charges			
412 Payments to other governmental units			
720 Transits	-	133,354	(133,354)
Total other charges	<u>-</u>	<u>133,354</u>	<u>(133,354)</u>
500 Debt services			
610 Redemption of principal	120,000	225,814	(105,814)
620 Interest	530,862	474,507	56,355
Total debt services	<u>650,862</u>	<u>700,321</u>	<u>56,355</u>
Total expenditures	<u>7,827,501</u>	<u>15,455,668</u>	<u>(7,522,353)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	3,212,784	3,212,784
Interfund transfers from (to) other funds:			
5220 Transfer from Special Revenue Fund (excl ind cost)	1,000,000	5,575,414	4,575,414
5230 Transfer from Special Revenue EIA Fund	-	1,130,291	1,130,291
Total other financing sources (uses)	<u>1,000,000</u>	<u>9,918,489</u>	<u>8,918,489</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	414,841	<u>\$ 520,655</u>
FUND BALANCE, July 1, 2023		<u>673,206</u>	
FUND BALANCE, June 30, 2024		<u>\$ 1,088,047</u>	

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024**

	<u>Title I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>CATE</u> <u>(207/208)</u>	<u>Adult</u> <u>Education*</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Total</u>
REVENUES								
1000 Revenue from local sources								
1900 Other revenue from local sources								
1920 Contrib and donations from private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,534,240	\$ 5,534,240
1990 Miscellaneous local revenue								
1999 Revenue from other local sources	-	-	-	-	-	-	2,757	2,757
	-	-	-	-	-	-	5,536,997	5,536,997
Total local sources	-	-	-	-	-	-	5,536,997	5,536,997
3000 Revenue from state sources								
3100 Restricted state funding								
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	52,156	-	52,156
3187 Teacher supplies (no carryover)	-	-	-	-	-	15,400	-	15,400
Total state sources	-	-	-	-	-	67,556	-	67,556
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4310 Title I, Basic State Grant (carryover prov)	111,446	-	-	-	-	-	-	111,446
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	1,049	1,049
4351 Supporting effective instruction	-	-	-	-	-	-	15,714	15,714
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	80,974	-	-	-	-	-	80,974
4900 Other federal sources								
4931 ARP IDEA	-	-	-	-	-	-	2,331	2,331
4974 ESSER III	-	-	-	-	-	-	22,046	22,046

* See Schedule 3 for a listing of LEA subfund codes for each program

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education* (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
4990 Other federal revenue								
4997 Title IV - SSAE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,385	\$ 14,385
4999 Revenue from other federal sources	-	-	-	-	-	-	472,620	472,620
Total federal sources	<u>111,446</u>	<u>80,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,145</u>	<u>720,565</u>
Total revenues all sources	<u>111,446</u>	<u>80,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,556</u>	<u>6,065,142</u>	<u>6,325,118</u>
EXPENDITURES								
100 Instruction								
110 General instruction								
111 Kindergarten programs								
400 Supplies and materials	-	-	-	-	-	1,750	-	1,750
112 Primary programs								
400 Supplies and materials	-	-	-	-	-	13,650	18,191	31,841
120 Exceptional programs								
123 Orthopedically handicapped								
300 Purchased services	-	7,134	-	-	-	-	-	7,134
127 Learning disabilities								
100 Salaries	-	-	-	-	-	-	2,331	2,331
180 Adult/continuing education programs								
188 Parenting/family literacy								
400 Supplies and materials	<u>3,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,469</u>
Total instruction	<u>3,469</u>	<u>7,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,400</u>	<u>20,522</u>	<u>46,525</u>

* See Schedule 3 for a listing of LEA subfund codes for each program

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
200 Support services								
210 Pupil services								
214 Psychological services								
300 Purchased services	\$ -	\$ 7,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,130
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	106,336	66,710	-	-	-	52,156	20,509	245,711
200 Employee benefits	1,641	-	-	-	-	-	1,535	3,176
250 Finance and operations services								
256 Food services								
100 Salaries	-	-	-	-	-	-	135,759	135,759
200 Employee benefits	-	-	-	-	-	-	9,957	9,957
300 Purchased services	-	-	-	-	-	-	2,074	2,074
400 Supplies and materials	-	-	-	-	-	-	276,933	276,933
600 Other objects	-	-	-	-	-	-	52	52
260 Central support services								
264 Staff services								
100 Salaries	-	-	-	-	-	-	15,715	15,715
270 Support services - pupil activity								
271 Pupil service activities								
600 Other objects	-	-	-	-	-	-	500	500
Total support services	<u>107,977</u>	<u>73,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,156</u>	<u>463,034</u>	<u>697,007</u>
Total expenditures	<u>111,446</u>	<u>80,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,556</u>	<u>483,556</u>	<u>743,532</u>

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2024**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
420-710 Transfer to Gen Fund (excludes IC)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,575,414)</u>	<u>(5,575,414)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,575,414)</u>	<u>(5,575,414)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,172</u>	<u>6,172</u>
FUND BALANCE, July 1, 2023	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>41,673</u>	<u>41,673</u>
FUND BALANCE, June 30, 2024	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 47,845</u></u>	<u><u>\$ 47,845</u></u>

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2024**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
935	Reading coaches	\$ 52,156	3135
917	Teacher supplies (no carryover)	<u>15,400</u>	3187
		<u>\$ 67,556</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
801	Contrib and donations from private sourc	\$ 5,534,240	1920
802	Revenue from other local sources	2,757	1999
264	Lang instr ltd english prof/immig, Title III	1,049	4341
267	Supporting effective instruction	15,714	4351
230	ARP IDEA	2,331	4931
218	ESSER III	22,046	4974
210	Title IV - SSAE	14,385	4997
600	USDA meal reimbursements	<u>472,620</u>	4999
		<u>\$ 6,065,142</u>	

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2024**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
935	3135	Reading coaches	\$ 52,156	\$ 52,156	\$ -	\$ -	\$ -
917	3187	Teacher supplies (no carryover)	15,400	15,400	-	-	-
			<u>\$ 67,556</u>	<u>\$ 67,556</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2024**

REVENUES

3000 Revenue from state sources	
3500 Education improvement act	
3502 ADEPT	\$ 600
3503 State aid to classrooms	1,130,291
3526 Refurbishment of science kits	1,947
3532 National Board salary supplement	8,513
3533 Teacher of the year awards (no carryover prov)	2,000
3535 Reading coaches	6,284
3557 Summer reading program	<u>30,085</u>
Total state sources	<u>1,179,720</u>
Total revenues all sources	<u>1,179,720</u>

EXPENDITURES

100 Instruction	
110 General instruction	
112 Primary programs	
100 Salaries	41,198
400 Supplies and materials	<u>1,947</u>
Total instruction	<u>43,145</u>
200 Support services	
220 Instructional staff services	
221 Improvement of instruction curriculum development	
100 Salaries	<u>6,284</u>
Total support services	<u>6,284</u>
Total expenditures	<u>49,429</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ <u>(1,130,291)</u>
Total other financing sources (uses)	<u>(1,130,291)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES -0-

FUND BALANCE, July 1, 2023 -0-

FUND BALANCE, June 30, 2024 \$ -0-

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2024**

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3502 ADEPT	600	600	-	-	-
3503 State aid to classrooms	1,130,291	-	-	(1,130,291)	-
3526 Refurbishment of science kits	1,947	1,947	-	-	-
3532 National Board salary supplement	8,513	8,513	-	-	-
3533 Teacher of the year awards (no carryover prov)	2,000	2,000	-	-	-
3535 Reading coaches	6,284	6,284	-	-	-
3557 Summer reading program	30,085	30,085	-	-	-
TOTALS	\$ 1,179,720	\$ 49,429	\$ -0-	\$ (1,130,291)	\$ -0-

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2024**

<u>Program</u>	<u>Grant/ Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDOE/Federal Government</u>	<u>Status of Payments</u>
				\$ <u>-0-</u>	
				\$ <u><u>-0-</u></u>	

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Section II - Financial Statement/Compliance Findings

None.

**LIBERTY STEAM CHARTER SCHOOL
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2024**

Section I - Financial Statement Findings

None.

Section II - Federal Award Findings and Questioned Costs

None.



MARTIN · SMITH

& COMPANY CPAs

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

Board of Directors
Liberty STEAM Charter School
Sumter, South Carolina

We have audited the financial statements of Liberty STEAM Charter School (“the School”) as of and for the year ended June 30, 2024, and have issued our report thereon dated October 24, 2024. 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.

Report on Compliance and Other Matters

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

Report on Internal Control Over Financial Reporting

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

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

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

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

Martin Smith and Company CPAs PA

October 24, 2024