

LIBERTY STEAM CHARTER SCHOOL

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

SUMTER, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT

June 30, 2025

(With Independent Auditors' Report Thereon)

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2025**

FINANCIAL SECTION

	<u>Page(s)</u>
Independent Auditors' Report on Financial Statements.....	1-3
Management's Discussion and Analysis.....	4-9

FINANCIAL STATEMENTS

Exhibit

Government-Wide Financial Statements

A	Statement of Net Position.....	10
B	Statement of Activities.....	11

Fund Financial Statements

C	Balance Sheet - Governmental Funds.....	12
D	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
E	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	14
F	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15

Notes to the Financial Statements.....	16-24
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REQUIRED SUPPLEMENTARY INFORMATION

Schedule

1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	25-28
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**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2025**

FINANCIAL SECTION, Continued

OTHER SUPPLEMENTARY INFORMATION

<u>Schedule</u>		<u>Page(s)</u>
2	Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	29-32
3	Special Revenue Fund - Schedule of Program Classifications	33
4	Special Revenue Fund - Summary Schedule for Designated State Restricted Grants.....	34
5	Education Improvement Act - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs.....	35
6	Education Improvement Act - Summary Schedule by Program.....	36
7	Schedule of Due to State Department of Education/Federal Government.....	37

COMPLIANCE SECTION

8	Schedule of Findings and Questioned Costs.....	38-39
9	Schedule of Prior Year Findings.....	40
10	Schedule of Expenditures of Federal Awards.....	41
	Notes to the Schedule of Expenditures of Federal Awards.....	42
	Independent Auditors' Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	43
	Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.....	44-46



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, 2025, 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the 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 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Liberty STEAM Charter School's financial statements. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations 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 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 financial statements. The 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, the combining and individual fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the 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 September 30, 2025, 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 grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School's 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 Liberty STEAM Charter School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
September 30, 2025

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

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, 2025. 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 \$4,582,969 (net position). Of this amount, \$77,691 is restricted for future uses. The School has also invested \$2,670,300 in capital assets, net of the related debt. Therefore, the School reported \$1,834,978 in unrestricted net position.

The School's net position increased by \$961,594 during the current fiscal year, as compared to an increase of \$3,252,742 in the previous fiscal year.

The School continued construction work on its educational facilities during the year, investing \$8,665,895 in capital additions. It also recognized an increase in its Right of Use Asset – Building of \$11,471,657 as it entered into an amended building lease for additional property and a lengthened term. Its total capital assets, net of accumulated depreciation, were \$28,559,778, an increase of \$19,521,865.

The School borrowed under a construction loan during the year to support its construction program. The School also recognized an additional lease liability related to its amended building lease.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending deficit fund balance of \$1,912,668, compared to a fund balance of \$1,135,892 in the previous fiscal year.

During the 2025 fiscal year, the School's governmental fund-type revenues were \$12,978,282. The School reported governmental fund-type revenues of \$13,456,858 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$20,201,506. These expenditures included \$8,611,206 in capital expenditures and \$134,789 in lease principal repayments.

Overall

The 135-day student count increased by 145, from 585 students in the prior year to 730 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, 2025**

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, 2025**

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, 2025**

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 \$4,582,969 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2025 compared to 2024:

Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 2,287,612	\$ 1,402,002
Capital assets	28,559,778	9,038,093
Total assets	30,847,390	10,440,095
Liabilities		
Long-term liabilities	25,889,478	6,552,610
Other liabilities	374,943	266,110
Total liabilities	26,264,421	6,818,720
Net Position		
Net investment in capital	2,670,300	2,485,483
Restricted	77,691	47,845
Unrestricted net position	1,834,978	1,088,047
Total net position	\$ 4,582,969	\$ 3,621,375

During the fiscal year, net position of the School's governmental activities increased by \$961,594. 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 \$1,834,978 at June 30, 2025.

**LIBERTY STEAM CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

Government-Wide Financial Analysis, continued

The following table shows the changes in net position for fiscal year 2025 and 2024:

Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Operating grants	\$ 10,505,278	\$ 7,511,124
Charges for services	24,616	13,706
General revenue:		
Other revenue	2,448,387	5,932,027
 Total revenues	 12,978,281	 13,456,857
 Program Expenses		
Instruction	6,185,967	4,394,778
Support services	5,178,543	5,201,476
Interest and other charges	632,177	607,861
 Total expenses	 11,996,687	 10,204,115
 Increase in net position	 \$ 981,594	 \$ 3,252,742

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2025, the School's Governmental Funds reported combined fund balances of \$1,912,668 as compared to \$1,135,892 for the prior year. State funding increased significantly by \$2,549,604 for the year, driven by the substantial enrollment increases. The School also benefited by contributions of almost \$2,000,000 during the year. The School's expenses also increased significantly by \$2,502,757, as the School invested in staffing and other costs to continue to provide quality educational opportunities to its growing student body. The School also expended \$8,611,206 in capital expenditures and \$134,789 in lease principal repayments, which expenditures were only partially offset by \$8,000,000 in borrowings.

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 2025, 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, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the School had \$28,559,778 net investment in capital assets. The year-end total of capital assets was \$29,604,335, with a total accumulated depreciation of \$1,044,557. The depreciation expense taken during the year was \$615,865, and capital asset additions were \$8,665,894. The School continued its construction project for a new elementary building during the year. The School also recognized an increase in its Right of Use Asset – Building of \$11,471,657 to account for an amended long-term lease of its school building.

The following table shows fiscal 2025 and 2024:

Capital Assets (Net of Depreciation)			
Governmental Activities			
	2025		2024
Land improvements	\$ 405,730	\$	429,154
Leashold improvements	5,947,000		4,034,919
Furniture and fixtures	576,740		374,538
Equipment	581,405		431,380
Building - Right of Use	12,946,198		1,696,965
Construction in progress	8,102,705		2,071,137
Totals	\$ 28,559,778	\$	9,038,093

Long-term Debt

At fiscal year-end, the School had \$25,889,478 in notes payable and lease liabilities. The School borrowed \$8,000,000 under its construction loan. The School also recognized an increase to its lease liability of \$11,471,657 to account for an amendment to that lease.

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 108 North Main Street, Sumter, South Carolina 29150.

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Statement of Net Position
June 30, 2025

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,835,294
Due from other governmental units	220,762
Prepaid expenses	231,556
Capital assets	29,604,335
Less accumulated depreciation	<u>(1,044,557)</u>
Total capital assets, net of depreciation	<u>28,559,778</u>
Total assets	<u>30,847,390</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	345,510
Deferred revenue	29,433
Long-term liabilities:	
Due within one year	12,800,000
Due in more than one year	<u>13,089,478</u>
Total liabilities	<u>26,264,421</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,670,300
Restricted	77,691
Unrestricted net position	<u>1,834,978</u>
Total net position	<u>\$ 4,582,969</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, 2025

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense)</u> <u>and Change</u> <u>in Net Position</u>
		<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:				
Instruction	\$ 6,185,967	\$ -	\$ 5,407,922	\$ (778,045)
Support services	5,198,543	24,616	4,544,692	(629,235)
Interest and other charges	632,177	-	552,664	(79,513)
Total governmental activities	<u>12,016,687</u>	<u>24,616</u>	<u>10,505,278</u>	<u>(1,486,793)</u>
Total	<u>\$ 12,016,687</u>	<u>\$ 24,616</u>	<u>\$ 10,505,278</u>	<u>(1,486,793)</u>
General revenues:				
Other				2,793
Unrestricted donations				<u>2,445,594</u>
Total general revenues				<u>2,448,387</u>
Change in net position				961,594
Net position, beginning of year				<u>3,621,375</u>
Net position, end of year				<u>\$ 4,582,969</u>

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, 2025**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,835,294	\$ -	\$ -	\$ 1,835,294
Due from other governmental units	-	220,762	-	220,762
Due from other funds	111,138	-	-	111,138
Prepaid expenses	<u>231,556</u>	<u>-</u>	<u>-</u>	<u>231,556</u>
Total assets	<u>\$ 2,177,988</u>	<u>\$ 220,762</u>	<u>\$ -0-</u>	<u>\$ 2,398,750</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 343,011	\$ 2,500	\$ -	\$ 345,511
Due to other funds	-	111,138	-	111,138
Unearned income	<u>-</u>	<u>29,433</u>	<u>-</u>	<u>29,433</u>
Total liabilities	<u>343,011</u>	<u>143,071</u>	<u>-0-</u>	<u>486,082</u>
Fund balances:				
Nonspendable	231,556	-	-	231,556
Restricted	-	77,691	-	77,691
Unassigned	<u>1,603,421</u>	<u>-</u>	<u>-</u>	<u>1,603,421</u>
Total fund balances	<u>1,834,977</u>	<u>77,691</u>	<u>-0-</u>	<u>1,912,668</u>
Total liabilities and fund balances	<u>\$ 2,177,988</u>	<u>\$ 220,762</u>	<u>\$ -0-</u>	<u>\$ 2,398,750</u>

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

Exhibit D

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025**

Total fund balance - Governmental Funds	\$ 1,912,668
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 \$29,604,335 and the accumulated depreciation is \$1,044,556.	28,559,779
Long-term liabilities, including notes and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(25,889,478)</u>
Net position of governmental activities	<u><u>\$ 4,582,969</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, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 2,297,204	\$ 202,164	\$ -	\$ 2,499,368
State	7,310,191	302,714	1,681,242	9,294,147
Federal	-	1,184,767	-	1,184,767
Intergovernmental	-	-	-	-
	<u>9,607,395</u>	<u>1,689,645</u>	<u>1,681,242</u>	<u>12,978,282</u>
Total revenues all sources				
EXPENDITURES				
Current:				
Instruction	5,356,059	132,601	204,614	5,693,274
Support services	4,111,362	1,018,698	-	5,130,060
Community services	-	-	-	-
Intergovernmental	187,884	-	-	187,884
Debt services				
Redemption of principal	134,789	-	-	134,789
Interest payments	444,293	-	-	444,293
Capital outlay	8,496,879	114,327	-	8,611,206
	<u>18,731,266</u>	<u>1,265,626</u>	<u>204,614</u>	<u>20,201,506</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(9,123,871)</u>	<u>424,019</u>	<u>1,476,628</u>	<u>(7,223,224)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	8,000,000	-	-	8,000,000
Operating transfers in	1,870,801	-	-	1,870,801
Operating transfers out	-	(394,173)	(1,476,628)	(1,870,801)
	<u>9,870,801</u>	<u>(394,173)</u>	<u>(1,476,628)</u>	<u>8,000,000</u>
Total other financing sources (uses)				
Net changes in fund balance	746,930	29,846	-0-	776,776
FUND BALANCE, July 1, 2024	<u>1,088,047</u>	<u>47,845</u>	<u>-0-</u>	<u>1,135,892</u>
FUND BALANCE, June 30, 2025	<u>\$ 1,834,977</u>	<u>\$ 77,691</u>	<u>\$ -0-</u>	<u>\$ 1,912,668</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, 2025**

Total net changes in fund balance - Governmental Funds	\$ 776,776
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
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 (\$8,665,894), less disposals, exceeds depreciation (\$615,865) in the period.	8,050,029
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(8,000,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>134,789</u>
Change in net position of governmental activities	<u><u>\$ 961,594</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, 2025

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 730 students from kindergarten through grade four 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, 2025**

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, 2025

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 \$77,691 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, 2025

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, 2025

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, 2025, the School's carrying amount of deposits was \$1,835,294 and the bank balance was \$2,153,762, all of which was covered by Federal Deposit Insurance Corporation ("FDIC") insurance. The School had no investments at June 30, 2025.

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 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, 2025, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 111,138	\$ -
Special Revenue Funds:		
Special Projects Fund	-	111,138
	<u>\$ 111,138</u>	<u>\$ 111,138</u>

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

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 \$394,173 from the Special Revenue Fund for grants and restricted contributions to be expended in the General Fund in accordance with donor restrictions. The General Fund received transfers of \$1,476,628 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, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,071,136	\$ 8,102,705	\$ (2,071,136)	\$ 8,102,705
Total capital assets not being depreciated, net	<u>2,071,136</u>	<u>8,102,705</u>	<u>(2,071,136)</u>	<u>8,102,705</u>
Capital assets, being depreciated:				
Land improvements	450,918	-	-	450,918
Leasehold improvements	4,132,041	-	2,071,136	6,203,177
Equipment	541,544	309,058	-	850,602
Furniture and fixtures	402,926	254,132	-	657,058
	<u>5,527,429</u>	<u>563,190</u>	<u>2,071,136</u>	<u>8,161,755</u>
Less accumulated depreciation for:				
Land improvements	21,764	23,424	-	45,188
Leasehold improvements	97,121	159,056	-	256,177
Equipment	110,164	159,033	-	269,197
Furniture and fixtures	28,388	51,930	-	80,318
	<u>257,437</u>	<u>393,443</u>	<u>-0-</u>	<u>650,880</u>
Total capital assets being depreciated, net	<u>5,269,992</u>	<u>169,747</u>	<u>2,071,136</u>	<u>7,510,875</u>
Lease assets, being amortized:				
Right of Use Asset - Building	1,868,218	11,471,657	-	13,339,875
Less accumulated depreciation for:				
Right of Use Asset - Building	<u>171,253</u>	<u>222,424</u>	<u>-</u>	<u>393,677</u>
Total lease assets being amortized, net	<u>1,696,965</u>	<u>11,249,233</u>	<u>-0-</u>	<u>12,946,198</u>
Governmental Activities capital assets, net	<u>\$ 9,038,093</u>	<u>\$ 19,521,685</u>	<u>\$ -0-</u>	<u>\$ 28,559,778</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:

Instruction	\$ 492,694
Support	<u>123,173</u>
Total depreciation expense - Governmental Activities	<u>\$ 615,867</u>

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

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. Completed components have been transferred to 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 for its building lease in the amount of \$1,868,218. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. The School increased the carrying value of its Right of Use Asset – Building by \$11,471,657 in recognition of the amended lease terms. This asset is being amortized over the remaining term of the related building lease, which is twenty 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 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 November 2025. The School owed \$2,678,000 on this loan as of June 30, 2025. The loan has been cosigned by a member of the School’s Board of Directors.

In June 2025, the School modified its promissory note agreement with a bank to increase the amount available to \$10,500,000 and extend the term. The note requires monthly interest payments, with interest due computed at 5.70%, with outstanding principal due November 2025. The School owed \$8,000,000 on this loan as of June 30, 2025. 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 had previously recognized a lease liability relating to its building lease in the amount of \$1,868,218. This lease liability was due in monthly payments ranging from \$18,037 to \$22,371 through August 2033. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. Annual lease payments range from \$500,478 for 2026 to \$974,481. The School recorded an increase in lease liability of \$11,471,657 in recognition of the amended lease terms.

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

III. DETAILED NOTES ON ALL FUNDS, Continued

E. Long-term Debt, Continued

Maturities of the lease liabilities outstanding at June 30, 2025, are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ -	\$ 478,193	\$ 478,193
2027	-	701,294	701,294
2028	191,960	693,320	885,280
2029	310,764	605,957	916,721
2030	344,944	590,460	935,404
Five years ended 2035	2,305,604	2,658,453	4,964,057
Five years ended 2040	3,502,572	1,977,732	5,480,304
Five years ended 2045	5,080,612	970,086	6,050,698
Five years ended 2050	1,353,022	37,836	1,390,858
Total	\$ 13,089,478	\$ 8,713,331	\$ 21,802,809

The following is a summary of changes in long-term obligations for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Promissory note	\$ 4,800,000	\$ -	\$ -	\$ 4,800,000	\$ 4,800,000
Promissory note	-	8,000,000	-	8,000,000	8,000,000
Lease liability	1,752,610	11,471,657	(134,789)	13,089,478	-
Total long-term obligations	\$ 6,552,610	\$ 19,471,657	\$ (134,789)	\$ 25,889,478	\$ 12,800,000

F. Lease Obligations

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, 2025, 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.

The School follows GASB Statement #87 *Leases*. In October 2022, the School entered into a lease agreement for a building to be used for its elementary school. The lease term commenced September 2023 and was to run through August 2033. Monthly payments began September 2023 and were to continue for 120 months at monthly rates from \$18,037 to \$22,371. The School had previously analyzed its lease and recognized a Right of Use Asset - Building in the amount of \$1,868,218. This asset was being amortized over the remaining term of the related lease, which was ten years. The School also recognized a lease liability in the amount of \$1,868,218. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. Annual lease payments range from \$500,478 for 2026 to \$974,481. The School recorded an increase in lease liability of \$11,471,657 in recognition of the amended lease terms.

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

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 \$103,939 to the Plan for the year ended June 30, 2025.

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 September 30, 2025, 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, 2025.

**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, 2025**

	<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	\$ 9,805	\$ 24,617	\$ 14,812
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	1,400,000	2,247,079	847,079
1950 Refund of prior year's expenditures	-	2,793	2,793
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	30,000	22,715	(7,285)
Total local sources	<u>1,439,805</u>	<u>2,297,204</u>	<u>857,399</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	7,086,625	7,310,191	223,566
Total state sources	<u>7,086,625</u>	<u>7,310,191</u>	<u>223,566</u>
Total revenues all sources	<u>8,526,430</u>	<u>9,607,395</u>	<u>1,080,965</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	514,199	397,232	116,967
200 Employee benefits	25,262	84,392	(59,130)
400 Supplies and materials	60,000	9,702	50,298
500 Capital outlays	-	74,626	(74,626)
112 Primary programs			
100 Salaries	2,534,232	2,919,676	(385,444)
200 Employee benefits	213,607	645,563	(431,956)
300 Purchased services	40,470	10,481	29,989
400 Supplies and materials	180,000	86,698	93,302
113 Elementary programs			
100 Salaries	351,833	298,440	53,393
200 Employee benefits	140,769	63,522	77,247
300 Purchased services	60,000	60,050	(50)
400 Supplies and materials	-	17,144	(17,144)
500 Capital outlays	71,000	70,499	501

**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, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	\$ 408,282	\$ 489,282	\$ (81,000)
200 Employee benefits	236,495	112,562	123,933
300 Purchased services	25,736	51,763	(26,027)
400 Supplies and materials	7,500	15,008	(7,508)
140 Special programs			
141 Gifted and talented academic			
100 Salaries	64,764	73,664	(8,900)
200 Employee benefits	39,444	11,418	28,026
150 Districtwide general/exceptional			
150 Districtwide general/exceptional			
600 Other objects	-	9,462	(9,462)
Total instruction	<u>4,973,594</u>	<u>5,501,184</u>	<u>(527,590)</u>
200 Support services			
210 Pupil services			
213 Health services			
100 Salaries	98,315	119,008	(20,693)
200 Employee benefits	56,096	25,523	30,573
400 Supplies and materials	24,814	824	23,990
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	703,368	738,713	(35,345)
200 Employee benefits	359,193	178,759	180,434
300 Purchased services	2,348	10,646	(8,298)
224 Improvement of instruction inserv and staff training			
300 Purchased services	71,325	74,529	(3,204)
400 Supplies and materials	-	1,285	(1,285)
230 General administrative services			
231 Board of education			
300 Purchased services	10,383	14,969	(4,586)
318 Audit services	9,350	10,100	(750)
232 Office of the Superintendent			
600 Other objects	-	400	(400)

**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, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
233 School administration			
100 Salaries	\$ 529,729	\$ 470,942	\$ 58,787
200 Employee benefits	219,765	103,547	116,218
300 Purchased services	160,663	209,337	(48,674)
400 Supplies and materials	190,223	86,073	104,150
600 Other objects	1,021	3,766	(2,745)
250 Finance and operations services			
252 Fiscal services			
100 Salaries	150,000	169,233	(19,233)
200 Employee benefits	77,134	36,230	40,904
300 Purchased services	109,248	71,819	37,429
400 Supplies and materials	166,054	-	166,054
600 Other objects	13,171	47,320	(34,149)
253 Facilities acquisition and construction			
300 Purchased services	-	69,336	(69,336)
400 Supplies and materials	-	9,978	(9,978)
520 Construction services	-	8,002,675	(8,002,675)
540 Equipment	-	255,647	(255,647)
254 Operation and maintenance of plant			
100 Salaries	220,521	251,013	(30,492)
200 Employee benefits	115,603	53,276	62,327
300 Purchased services	572,185	790,266	(218,081)
321 Public util (excl gas, oil, elect & oth heating fuels)	10,663	10,944	(281)
400 Supplies and materials	284,933	156,980	127,953
500 Capital outlays	-	6,329	(6,329)
258 Security			
300 Purchased services	425	7,553	(7,128)
500 Capital outlays	-	40,000	(40,000)
260 Central support services			
263 Information services			
300 Purchased services	18,978	13,909	5,069
264 Staff services			
300 Purchased services	15,254	50,731	(35,477)
266 Technology and data processing services			
300 Purchased services	262,974	166,382	96,592
400 Supplies and materials	12,579	-	12,579
500 Capital outlays	75,000	47,104	27,896

**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, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	\$ 15,000	\$ 3,918	\$ 11,082
400 Supplies and materials	50,000	106,218	(56,218)
600 Other objects	25,000	12,708	12,292
660 Pupil activity	<u>21,000</u>	<u>35,126</u>	<u>(14,126)</u>
Total support services	<u>4,652,315</u>	<u>12,463,116</u>	<u>(7,810,801)</u>
400 Other charges			
412 Payments to other governmental units			
720 Transits	<u>-</u>	<u>187,884</u>	<u>(187,884)</u>
Total other charges	<u>-</u>	<u>187,884</u>	<u>(187,884)</u>
500 Debt services			
610 Redemption of principal	-	134,789	(134,789)
620 Interest	<u>352,000</u>	<u>444,293</u>	<u>(92,293)</u>
Total debt services	<u>352,000</u>	<u>579,082</u>	<u>(227,082)</u>
Total expenditures	<u>9,977,909</u>	<u>18,731,266</u>	<u>(8,753,357)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	8,000,000	8,000,000
Interfund transfers from (to) other funds:			
5220 Transfer from Special Revenue Fund (excl ind cost)	-	394,173	394,173
5230 Transfer from Special Revenue EIA Fund	<u>1,451,479</u>	<u>1,476,628</u>	<u>25,149</u>
Total other financing sources (uses)	<u>1,451,479</u>	<u>9,870,801</u>	<u>8,419,322</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -0-</u>	<u>746,930</u>	<u>\$ 746,930</u>
FUND BALANCE, July 1, 2024		<u>1,088,047</u>	
FUND BALANCE, June 30, 2025		<u>\$ 1,834,977</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, 2025**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education* (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
REVENUES								
1000 Revenue from local sources								
1600 Food services								
1640 Lunch sales to adults	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,637	\$ 3,637
1650 Breakfast sales to adults	-	-	-	-	-	-	12	12
1900 Other revenue from local sources								
1920 Contrib and donations from private sources	-	-	-	-	-	-	198,515	198,515
Total local sources	-	-	-	-	-	-	202,164	202,164
3000 Revenue from state sources								
3100 Restricted state funding								
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	57,536	-	57,536
3187 Teacher supplies (no carryover)	-	-	-	-	-	6,800	-	6,800
3600 Education Lottery Act revenue								
3670 School safety-facil/infrastr upgrades	-	-	-	-	-	38,378	-	38,378
3699 Other state lottery programs	-	-	-	-	-	200,000	-	200,000
Total state sources	-	-	-	-	-	302,714	-	302,714
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4310 Title I, Basic State Grant (carryover prov)	250,233	-	-	-	-	-	-	250,233
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	441	441
4351 Supporting effective instruction	-	-	-	-	-	-	13,028	13,028
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	103,297	-	-	-	-	697	103,994

* 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, 2025**

	<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								
4990 Other federal revenue								
4997 Title IV - SSAE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,111	\$ 18,111
4999 Revenue from other federal sources	-	-	-	-	-	-	798,960	798,960
	<u>250,233</u>	<u>103,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>831,237</u>	<u>1,184,767</u>
Total federal sources								
	<u>250,233</u>	<u>103,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,714</u>	<u>1,033,401</u>	<u>1,689,645</u>
Total revenues all sources								
EXPENDITURES								
100 Instruction								
110 General instruction								
111 Kindergarten programs								
400 Supplies and materials	-	-	-	-	-	600	-	600
112 Primary programs								
100 Salaries	-	-	-	-	-	-	697	697
400 Supplies and materials	-	-	-	-	-	6,200	17,930	24,130
120 Exceptional programs								
127 Learning disabilities								
100 Salaries	-	100,397	-	-	-	-	-	100,397
160 Other exceptional programs								
162 Limited english proficiency								
400 Supplies and materials	-	-	-	-	-	-	441	441
180 Adult/continuing education programs								
188 Parenting/family literacy								
400 Supplies and materials	6,155	-	-	-	-	-	181	6,336
	<u>6,155</u>	<u>100,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,800</u>	<u>19,249</u>	<u>132,601</u>
Total instruction								

* 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, 2025**

	<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								
212 Guidance services								
400 Supplies and materials	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	243,078	2,900	-	-	-	57,536	-	303,514
250 Finance and operations services								
252 Fiscal services								
600 Other objects	-	-	-	-	-	-	40	40
256 Food services								
100 Salaries	-	-	-	-	-	-	200,600	200,600
200 Employee benefits	-	-	-	-	-	-	40,905	40,905
300 Purchased services	-	-	-	-	-	-	10,530	10,530
400 Supplies and materials	-	-	-	-	-	-	444,278	444,278
500 Capital outlay	-	-	-	-	-	-	75,950	75,950
600 Other objects	-	-	-	-	-	-	500	500
258 Security								
500 Capital outlay	-	-	-	-	-	38,378	-	38,378
260 Central support services								
264 Staff services								
100 Salaries	-	-	-	-	-	-	13,028	13,028
266 Technology/data processing services								
300 Purchased services	-	-	-	-	-	-	2,302	2,302

**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, 2025**

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
270 Support services - pupil activity								
271 Pupil service activities								
600 Other objects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Total support services	244,078	2,900	-	-	-	95,914	790,133	1,133,025
Total expenditures	250,233	103,297	-	-	-	102,714	809,382	1,265,626
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
420-710 Transfer to Gen Fund (excludes IC)	-	-	-	-	-	(200,000)	(194,173)	(394,173)
Total other financing sources (uses)	-	-	-	-	-	(200,000)	(194,173)	(394,173)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	29,846	29,846
FUND BALANCE, July 1, 2024	-0-	-0-	-0-	-0-	-0-	-0-	47,845	47,845
FUND BALANCE, June 30, 2025	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 77,691	\$ 77,691

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2025

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
935	Reading coaches	\$ 57,536	3135
917	Teacher supplies (no carryover)	6,800	3187
970	School safety-facil/infrastr upgrades	38,378	3670
969	Strategic compensation	200,000	3699
		<u>\$ 302,714</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
600	Lunch sales to adults	\$ 3,637	1640
600	Breakfast sales to adults	12	1650
801	Contrib and donations from private sources	198,515	1920
264	Lang instr ltd english prof/immig, Title III	441	4341
267	Supporting effective instruction	13,028	4351
212	IDEA -Extended shool year	697	4510
210	Title IV - SSAE	18,111	4997
600	Farm to School program	10,000	4899
600	Fresh fruits and vegetables	25,000	4870
600	Fresh fruits and vegetables	28,822	4860
600	School lunch program	735,138	4810
		<u>\$ 1,033,401</u>	

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2025

<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	\$ 57,536	\$ 57,536	\$ -	\$ -	\$ -
917	3187	Teacher supplies (no carryover)	6,800	6,800	-	-	-
970	3670	School safety-facil/infrastr upgrades	38,378	38,378	-	-	-
969	3699	Strategic compensation	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
			<u>\$ 302,714</u>	<u>\$ 102,714</u>	<u>\$ -0-</u>	<u>\$ (200,000)</u>	<u>\$ -0-</u>

Schedule 5

**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, 2025**

REVENUES

3000 Revenue from state sources	
3500 Education improvement act	
3502 ADEPT	\$ 1,400
3503 State aid to classrooms	1,476,628
3526 Refurbishment of science kits	2,679
3532 National Board salary supplement	19,884
3557 Summer reading program	13,251
3577 Teacher supplies (no carryover provision)	14,400
3599 Other EIA	<u>153,000</u>
Total state sources	<u>1,681,242</u>
Total revenues all sources	<u>1,681,242</u>

EXPENDITURES

100 Instruction	
110 General instruction	
111 Kindergarten programs	
400 Supplies and materials	2,400
112 Primary programs	
100 Salaries	152,060
200 Benefits	17,457
400 Supplies and materials	29,097
113 Elementary programs	
400 Supplies and materials	<u>3,600</u>
Total instruction	<u>204,614</u>
200 Support services	
Total support services	<u>-</u>
Total expenditures	<u>204,614</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	<u>(1,476,628)</u>
Total other financing sources (uses)	<u>(1,476,628)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-0-</u>
--	------------

FUND BALANCE, July 1, 2024	<u>-0-</u>
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FUND BALANCE, June 30, 2025	<u><u>\$ -0-</u></u>
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**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2025**

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In(Out)	Other Fund Transfers In(Out)	EIA Fund Unearned
3500 Education Improvement Act					
3502 ADEPT	\$ 1,400	\$ 1,400	\$ -	\$ -	\$ -
3503 State aid to classrooms	1,476,628	-	-	(1,476,628)	-
3526 Refurbishment of science kits	2,679	2,679	-	-	-
3532 National Board salary supplement	19,884	19,884	-	-	-
3557 Summer reading program	13,251	13,251	-	-	-
3577 Teacher supplies (no carryover provision)	14,400	14,400	-	-	-
3599 Other EIA	153,000	153,000	-	-	-
TOTALS	\$ 1,681,242	\$ 204,614	\$ -0-	\$ (1,476,628)	\$ -0-

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2025

<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 Questioned Costs
For Fiscal Year Ended June 30, 2025

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	School lunch program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2025**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2025**

Section I - Financial Statement Findings

None.

Section II - Federal Award Findings and Questioned Costs

None.

**LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

Federal Grantor/ Pass-Through Grantor Program Title	Federal AL Number	Pass Through Grantor's Number	Total Expenditures
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through South Carolina Public Charter School District			
Special education cluster:			
IDEA - Extended school year	84.027	N/A	\$ 697
Individuals with Disabilities Education Act (IDEA)	84.027	N/A	103,297
			<u>103,994</u>
Title I, Basic State Grant (carryover prov)	84.010	N/A	250,233
Lang instr ltd english prof/immig. Title III	84.365	N/A	441
Supporting effective instruction	84.367	N/A	13,028
Title IV - SSAE	84.424	N/A	18,111
			<u>18,111</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>385,807</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through SC Department of Education			
Farm to School program	10.575	N/A	10,000
Fresh fruits and vegetables	10.579	N/A	25,000
Child nutrition cluster (cash assistance):			
Fresh fruits and vegetables	10.582	N/A	28,822
School lunch program	10.555	N/A	735,138
			<u>735,138</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>798,960</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 1,184,767</u>

There were no pass-through awards to subrecipients in the current fiscal year.

See accompanying notes to Schedule of Expenditures of Federal Awards

LIBERTY STEAM CHARTER SCHOOL
SUMTER, SOUTH CAROLINA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the SEFA") includes the federal grant activity of Liberty STEAM Charter School under programs of the federal government for the year ended June 30, 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Liberty STEAM Charter School, it is not intended to and does not present the financial position, change in net assets, or cash flows of Liberty STEAM Charter School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Reconciliation of SEFA to the Financial Statements

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

Note 4 - Indirect Cost Rate

The District has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.



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, 2025, and have issued our report thereon dated September 30, 2025. 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

September 30, 2025

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& COMPANY CPAs

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
Liberty STEAM Charter School
Sumter, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Liberty STEAM Charter School ("the School") with the types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 federal program. Our audit does not provide a legal determination of the School'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 the School's federal programs.

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Auditors' 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 the School'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 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 the School'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 the School'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 the School'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 the School'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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
September 30, 2025