

**LIBERTY STEAM CHARTER SCHOOL**

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

**SUMTER, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**June 30, 2022**

**(With Independent Auditors' Report Thereon)**

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Annual Financial Report**  
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**June 30, 2022**

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MARTIN · SMITH

& COMPANY CPAs

**INDEPENDENT AUDITORS' REPORT**  
**ON FINANCIAL STATEMENTS**

The 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, 2022, 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 Liberty STEAM Charter School at June 30, 2022, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

#### **Required Supplementary Information**

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

#### **Supplementary Information**

Our audit was 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 nonmajor 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 nonmajor 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 October 15, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Liberty STEAM Charter School's internal control over financial reporting and compliance.

*Martin Smith and Company CPAs PA*

**LIBERTY STEAM CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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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, 2022. 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. This was the first year of operations for the School.

## **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 \$98,732 (net position).

The School's net position decreased by \$92,504 during its initial year, as the School invested in its staff and programs so as to provide an outstanding educational experience.

### **Fund Financial Statements**

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$328,350, compared to a fund balance of \$191,236 in the previous fiscal year.

The School borrowed under a line of credit arrangement during the year and owed \$229,618 on this loan at year-end.

During the 2022 fiscal year, the School's governmental fund-type revenues were \$4,489,390 and its governmental fund-type expenditures were \$4,581,894.

### **Overall**

The 135-day student count was 186 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, 2022**

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**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 Balance 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, 2022**

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**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**

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>
		<i>Government Funds Only</i>
<b>Scope</b>	Entire school unit	The activities of the School that are not proprietary or fiduciary
<b>Required financial statements</b>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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, 2022**

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**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, the assets were less than the liabilities by \$98,732 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2022:

<b>Net Position</b>	
	<b>Governmental Activities</b>
	<b>2022</b>
<b>Assets</b>	
Current and other assets	\$ 545,295
Capital assets	-
Total assets	<u>545,295</u>
<b>Liabilities</b>	
Long-term liabilities	229,618
Other liabilities	<u>216,945</u>
Total liabilities	<u>446,563</u>
<b>Net Position</b>	
Net investment in capital assets	-
Unrestricted net position	<u>98,732</u>
Total net position	<u>\$ 98,732</u>

During the fiscal year, net position of the School's governmental activities decreased by \$92,504. 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 \$98,732 at June 30, 2022.

**LIBERTY STEAM CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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The following table shows the changes in net position for fiscal year 2022:

<b>Changes in Net Position</b>	
	<b><u>Governmental Activities</u></b>
	<b><u>2022</u></b>
<b>Revenues</b>	
Program revenues:	
Operating grants and contributions	\$ 2,670,460
Charges for services and sales	22,019
General revenue:	
Contributions	<u>1,796,911</u>
Total revenues	<u>4,489,390</u>
<b>Program Expenses</b>	
Instruction	1,470,639
Support services	<u>3,111,255</u>
Total expenses	<u>4,581,894</u>
Decrease in net position	\$ <u>(92,504)</u>

***Governmental Activities:***

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

**Governmental Funds**

For the year ended June 30, 2022, the School's Governmental Funds reported combined fund balances of \$328,350. This represents an increase of \$137,114 in the current year.

The Special Revenue Funds consists of various federal, state, and local funds and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The 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.

**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 2022, amendments to the School's General Fund budget resulted in insignificant changes in fund balance.

**LIBERTY STEAM CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2022, the School had no net investment in capital assets. Its facility is leased at a favorable rate on a long-term basis.

**Long-term Debt**

At fiscal year-end, the School had \$229,618 in notes payable.

**Economic Factors**

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

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

**Contacting the School's Financial Management**

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

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Statement of Net Position  
June 30, 2022**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 300,615
Due from other governmental units	<u>244,680</u>
Total assets	<u>545,295</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	207,231
Due to other governmental units	9,714
Long-term liabilities:	
Due within one year	229,618
Due in more than one year	<u>-</u>
Total liabilities	<u>446,563</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	-
Unrestricted net position	<u>98,732</u>
Total net position	<u><u>\$ 98,732</u></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, 2022**

<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	\$ 1,470,639	\$ -	\$ 615,677	\$ (854,962)
Support services	3,111,255	-	1,302,514	(1,808,741)
Interest and other charges	-	22,019	752,269	774,288
Total governmental activities	<u>4,581,894</u>	<u>22,019</u>	<u>2,670,460</u>	<u>(1,889,415)</u>
Total	<u>\$ 4,581,894</u>	<u>\$ 22,019</u>	<u>\$ 2,670,460</u>	<u>(1,889,415)</u>
General revenue:				
Unrestricted donations				<u>1,796,911</u>
Total general revenue				<u>1,796,911</u>
Change in net position				(92,504)
Net position, beginning of year				<u>191,236</u>
Net position, end of year				<u>\$ 98,732</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, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 300,615	\$ -	\$ -	\$ 300,615
Due from other governmental units	1,558	227,704	15,418	244,680
Due from other funds	233,408	-	-	233,408
	<u>233,408</u>	<u>-</u>	<u>-</u>	<u>233,408</u>
Total assets	\$ <u>535,581</u>	\$ <u>227,704</u>	\$ <u>15,418</u>	\$ <u>778,703</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 207,231	\$ -	\$ -	\$ 207,231
Due to other funds	-	217,990	15,418	233,408
Due to other governmental units	-	9,714	-	9,714
	<u>-</u>	<u>9,714</u>	<u>-</u>	<u>9,714</u>
Total liabilities	<u>207,231</u>	<u>227,704</u>	<u>15,418</u>	<u>450,353</u>
Fund balances:				
Nonspendable	-	-	-	-
Unassigned	328,350	-	-	328,350
	<u>328,350</u>	<u>-</u>	<u>-</u>	<u>328,350</u>
Total fund balances	<u>328,350</u>	<u>-0-</u>	<u>-0-</u>	<u>328,350</u>
Total liabilities and fund balances	\$ <u>535,581</u>	\$ <u>227,704</u>	\$ <u>15,418</u>	\$ <u>778,703</u>

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

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022**

Total fund balance - Governmental Funds	\$ 328,350
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:	
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(229,618)</u>
Net position of governmental activities	<u>\$ 98,732</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, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local	\$ 1,818,931	\$ 10,000	\$ -	\$ 1,828,931
State	809,437	68,699	883,309	1,761,445
Federal	-	899,014	-	899,014
Intergovernmental	-	-	-	-
	<u>2,628,368</u>	<u>977,713</u>	<u>883,309</u>	<u>4,489,390</u>
Total revenues all sources				
<b>EXPENDITURES</b>				
Current:				
Instruction	1,118,081	324,889	10,098	1,453,068
Support services	2,338,855	642,706	15,418	2,996,979
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	84,275	47,572	-	131,847
	<u>3,541,211</u>	<u>1,015,167</u>	<u>25,516</u>	<u>4,581,894</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(912,843)</u>	<u>(37,454)</u>	<u>857,793</u>	<u>(92,504)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term notes	229,618	-	-	229,618
Operating transfers in	857,793	37,454	-	857,793
Operating transfers out	(37,454)	-	(857,793)	(857,793)
	<u>1,049,957</u>	<u>37,454</u>	<u>(857,793)</u>	<u>229,618</u>
Total other financing sources (uses)				
Net changes in fund balance	137,114	-0-	-0-	137,114
<b>FUND BALANCE, July 1, 2021</b>	<u>191,236</u>	<u>-0-</u>	<u>-0-</u>	<u>191,236</u>
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 328,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 328,350</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, 2022**

Total net changes in fund balance - Governmental Funds	\$ 137,114
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	<u>(229,618)</u>
Change in net position of governmental activities	<u><u>\$ (92,504)</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, 2022**

**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 of 1996. The School began operations in August 2021. 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. The School operates within the South Carolina Public Charter School District (“the District”). The School serves approximately 185 students from kindergarten through grade one in Sumter County, South Carolina.

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, 2022**

**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. The School had no capital assets as of June 30, 2022.

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**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 has been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. The School had no unearned revenue as of June 30, 2022.

**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 no restricted fund balances in its non-general funds. Committed fund balance amounts are established by the School board through motions passed at 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.

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**8) Fund Equity, continued**

**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.

**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.

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**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.

**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 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.

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2022**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2022, the School's carrying amount of deposits was \$351,335 and the bank balance was \$351,335, of which \$101,335 was not covered by FDIC insurance and was not collateralized. The School had no investments at June 30, 2022.

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) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the FDIC;
- 4) 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.

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, 2022, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 233,408	\$ -
Special Revenue Funds:		
Special Projects Fund	-	217,990
Education Improvement Act Fund	-	15,418
	<u>\$ 233,408</u>	<u>\$ 233,408</u>

The General Fund receivable is a result of the Special Revenue and EIA Funds owing the General Fund for claims that were filed but not yet received.

The General Fund received transfers of \$857,793 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid. The General Fund transferred funds of \$37,454 to the Special Revenue Fund to help offset unfunded mandates.

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**C. 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, the 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.

**D. Long-term Debt**

The School entered into a \$250,000 line of credit agreement with a bank. The line requires monthly interest payments with outstanding principal due September 2022. The School owed \$229,618 on this loan as of June 30, 2022.

**E. Lease Obligations**

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

As discussed above, the School has a lease agreement with Quixote for its educational facility. The annual rental cost is established at \$1. The lease term is for twenty years ending December 2042, with an option for a twenty-year renewal. During the initial term of the lease, the agreement stipulates that the agreement may be terminated by either party with a one-year notice of termination. For the year ended June 30, 2022, 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 adopted GASB Statement #87 *Leases* as of July 1, 2021. This statement seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases. Under this new standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee’s right to use the leased asset, for long-term lease obligations. The School analyzed its leases and determined that, due to terms and materiality, they did not meet the criteria for recognition as a long-term lease obligation and Right of Use Asset.



**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2022**

**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 \$49,735 to the Plan for the year ended June 30, 2022.

**C. Commitments and Contingencies**

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

**D. Subsequent Events**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 15, 2022, 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, 2022.

**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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
1000 Revenue from local sources			
1700 Pupil activities			
1790 Other pupil activity income	\$ 5,000	\$ 22,020	\$ 17,020
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	450,000	1,796,911	1,346,911
Total local sources	<u>455,000</u>	<u>1,818,931</u>	<u>1,363,931</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3180 Fringe benefits employer contrib (no carryover)	157,440	189,667	32,227
3186 State aid to classrooms - teacher salary increase	-	61,712	61,712
3187 Teacher supplies (no carryover provision)	-	465	465
3300 State aid to classrooms - Education Finance Act (EFA)			
3310 Full-time programs			
3311 Kindergarten	193,748	226,063	32,315
3312 Primary	178,502	208,274	29,772
3316 Speech handicapped (part-time)	22,043	25,719	3,676
3320 Part-time programs			
3323 Learning disabilities	25,589	29,857	4,268
3330 Miscellaneous EFA programs			
3331 Autism	5,542	6,466	924
3334 Limited english proficiency	431	503	72
3350 Residential Treatment Facilities (RTF)			
3352 Pupils in poverty	52,033	60,711	8,678
Total state sources	<u>635,328</u>	<u>809,437</u>	<u>174,109</u>
Total revenues all sources	<u>1,090,328</u>	<u>2,628,368</u>	<u>1,538,040</u>

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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 274,720	\$ 316,313	\$ (41,593)
200 Employee benefits	27,472	22,049	5,423
300 Purchased services	5,000	3,358	1,642
400 Supplies and materials	5,000	8,226	(3,226)
112 Primary programs			
100 Salaries	437,640	503,429	(65,789)
200 Employee benefits	43,764	41,351	2,413
300 Purchased services	1,000	36,124	(35,124)
400 Supplies and materials	5,000	10,957	(5,957)
120 Exceptional programs			
126 Speech handicapped			
100 Salaries	50,240	63,869	(13,629)
127 Learning disabilities			
100 Salaries	73,200	84,414	(11,214)
200 Employee benefits	7,320	5,775	1,545
300 Purchased services	-	4,716	(4,716)
190 Instructional pupil activity			
400 Supplies and materials	2,500	17,500	(15,000)
Total instruction	932,856	1,118,081	(185,225)
200 Support services			
210 Pupil services			
212 Guidance services			
400 Supplies and materials	-	963	(963)
213 Health services			
100 Salaries	25,000	38,661	(13,661)
200 Employee benefits	2,500	4,442	(1,942)
400 Supplies and materials	2,500	3,323	(823)

**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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
214 Psychological services			
300 Purchased services	\$ -	\$ (90)	\$ 90
215 Exceptional program services			
300 Purchased services	5,000	2,103	2,897
220 Instructional staff services			
221 Improvement of instruction curriculum development			
300 Purchased services	10,000	26,531	(16,531)
224 Improvement of instruction inserv and staff training			
300 Purchased services	25,000	138,346	(113,346)
400 Supplies and materials	-	1,481	(1,481)
230 General administrative services			
231 Board of education			
200 Employee benefits	169,514	243,031	(73,517)
300 Purchased services	10,000	20,495	(10,495)
400 Supplies and materials	-	101	(101)
232 Office of the Superintendent			
400 Supplies and materials	-	562	(562)
233 School administration			
100 Salaries	252,700	346,424	(93,724)
200 Employee benefits	25,270	24,604	666
300 Purchased services	32,000	150,015	(118,015)
400 Supplies and materials	50,500	83,245	(32,745)
500 Capital outlay	-	183	(183)
600 Other objects	-	1,056	(1,056)
250 Finance and operations services			
252 Fiscal services			
100 Salaries	35,500	42,077	(6,577)
200 Employee benefits	3,550	3,127	423
300 Purchased services	47,934	130,266	(82,332)
400 Supplies and materials	-	5,209	(5,209)
600 Other objects	-	42,637	(42,637)

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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and maintenance of plant			
100 Salaries	\$ 138,000	\$ 135,522	\$ 2,478
200 Employee benefits	13,800	11,738	2,062
300 Purchased services	26,801	517,373	(490,572)
321 Public util (excl gas, oil, elect & oth heating fuels)	5,000	15,672	(10,672)
400 Supplies and materials	36,200	42,328	(6,128)
500 Capital outlay	5,000	23,160	(18,160)
258 Security			
300 Purchased services	-	1,500	(1,500)
260 Central support services			
263 Information services			
100 Salaries	-	33,005	(33,005)
200 Employee benefits	-	1,999	(1,999)
300 Purchased services	10,000	49,768	(39,768)
400 Supplies and materials	-	5,242	(5,242)
264 Staff services			
100 Salaries	117,420	146,222	(28,802)
200 Employee benefits	-	10,631	(10,631)
400 Supplies and materials	5,000	2,459	2,541
266 Technology and data processing services			
300 Purchased services	9,166	38,201	(29,035)
400 Supplies and materials	5,000	15,416	(10,416)
500 Capital outlay	-	60,932	(60,932)
270 Support services - pupil activity			
271 Pupil service activities			
660 Pupil activity	2,500	3,170	(670)
Total support services	1,070,855	2,423,130	(1,352,275)
Total expenditures	2,003,711	3,541,211	(1,537,500)

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
5400 Proceeds from long-term notes	\$ -	\$ 229,618	\$ 229,618
Interfund transfers from (to) other funds			
421-710 Transfer to Special Revenue Fund	-	(37,454)	(37,454)
5230 Transfer from Special Revenue EIA Fund	<u>916,200</u>	<u>857,793</u>	<u>(58,407)</u>
Total other financing sources (uses)	<u>916,200</u>	<u>1,049,957</u>	<u>133,757</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>\$ 2,817</u>	137,114	<u>\$ 134,297</u>
<b>FUND BALANCE, July 1, 2021</b>		<u>191,236</u>	
<b>FUND BALANCE, June 30, 2022</b>		<u>\$ 328,350</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, 2022**

	<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>
<b>REVENUES</b>								
1000 Revenue from local sources								
1900 Other revenue from local sources								
1990 Miscellaneous local revenue								
1999 Revenue from other local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
Total local sources	-	-	-	-	-	-	10,000	10,000
3000 Revenue from state sources								
3100 Restricted state funding								
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	59,110	-	59,110
3136 Student health/fitness - nurses	-	-	-	-	-	9,039	-	9,039
3187 Teacher supplies (no carryover)	-	-	-	-	-	550	-	550
Total state sources	-	-	-	-	-	68,699	-	68,699
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4320 Charter school (plan & implement) grant	-	-	-	-	-	-	517,875	517,875
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	7,915	7,915
4351 Supporting effective instruction	-	-	-	-	-	-	13,252	13,252
4500 Programs for children with disabilities								
4510 Indivd with Disabilities Educ Act (IDEA)	-	15,888	-	-	-	-	4,872	20,760
4900 Other federal sources								
4974 ESSER III	-	-	-	-	-	-	96,187	96,187
4977 ESSER II	-	-	-	-	-	-	89,573	89,573

\* 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, 2022**

	<b>Title I (201/202)</b>	<b>IDEA (203/204)</b>	<b>Preschool Handicapped (205/206)</b>	<b>CATE (207/208)</b>	<b>Adult Education* (243)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Total</b>
4990 Other federal revenue								
4999 Revenue from other federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,452	\$ 153,452
Total federal sources	-	15,888	-	-	-	-	883,126	899,014
Total revenues all sources	-	15,888	-	-	-	68,699	893,126	977,713
<b>EXPENDITURES</b>								
100 Instruction								
110 General instruction								
112 Primary programs								
100 Salaries	-	-	-	-	-	59,110	-	59,110
400 Supplies and materials	-	-	-	-	-	550	223,340	223,890
500 Capital outlay	-	-	-	-	-	-	17,572	17,572
113 Elementary programs								
400 Supplies and materials	-	-	-	-	-	-	26,001	26,001
120 Exceptional programs								
127 Learning disabilities								
300 Purchased services	-	15,888	-	-	-	-	-	15,888
Total instruction	-	15,888	-	-	-	59,660	266,913	342,461
200 Support services								
210 Pupil services								
213 Health services								
100 Salaries	-	-	-	-	-	9,039	-	9,039
300 Purchased services	-	-	-	-	-	-	14,666	14,666

\* 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, 2022**

	<b>Title I (201/202)</b>	<b>IDEA (203/204)</b>	<b>Preschool Handicapped (205/206)</b>	<b>CATE (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
214 Psychological services								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,872	\$ 4,872
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	-	-	-	-	-	-	31,674	31,674
224 Improvement of instruction inserv and staff training								
100 Salaries	-	-	-	-	-	-	2,100	2,100
230 General administrative services								
232 Office of the Superintendent								
300 Purchased services	-	-	-	-	-	-	144,627	144,627
233 School administration								
600 Other objects	-	-	-	-	-	-	5,996	5,996
250 Finance and operations services								
252 Fiscal services								
300 Purchased services	-	-	-	-	-	-	1,788	1,788
600 Other objects	-	-	-	-	-	-	8,600	8,600
254 Operation and maintenance of plant								
300 Purchased services	-	-	-	-	-	-	55,530	55,530
400 Supplies and materials	-	-	-	-	-	-	11,982	11,982
600 Other objects	-	-	-	-	-	-	685	685
256 Food services								
100 Salaries	-	-	-	-	-	-	65,441	65,441
200 Employee benefits	-	-	-	-	-	-	4,506	4,506
300 Purchased services	-	-	-	-	-	-	116,593	116,593
400 Supplies and materials	-	-	-	-	-	-	4,366	4,366

**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, 2022**

	<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>
260 Central support services								
263 Information services								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,343	\$ 105,343
400 Supplies and materials	-	-	-	-	-	-	3,021	3,021
264 Staff services								
100 Salaries	-	-	-	-	-	-	37,725	37,725
300 Purchased services	-	-	-	-	-	-	156	156
266 Technology/data processing services								
300 Purchased services	-	-	-	-	-	-	13,995	13,995
500 Capital outlay	-	-	-	-	-	-	30,001	30,001
Total support services	-	-	-	-	-	9,039	663,667	672,706
Total expenditures	-	15,888	-	-	-	68,699	930,580	1,015,167
<b>OTHER FINANCING SOURCES (USES)</b>								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	37,454	37,454
Total other financing sources (uses)	-	-	-	-	-	-	37,454	37,454
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCE, July 1, 2021</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>FUND BALANCE, June 30, 2022</b>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Special Revenue Fund - Schedule of Program Classifications  
For Year Ended June 30, 2022**

<b>LEA Subfund Code</b>	<b>Program</b>	<b>Revenue</b>	<b>Revenue Code</b>
<b><u>OTHER RESTRICTED STATE GRANTS</u></b>			
935	Reading coaches	\$ 59,110	3135
936	Student health/fitness - nurses	9,039	3136
917	Teacher supplies (no carryover)	<u>550</u>	3187
		<u>\$ 68,699</u>	
<b><u>OTHER SPECIAL REVENUE PROGRAMS</u></b>			
802	Revenue from other local sources	\$ 10,000	1999
252	Charter school (plan & implement) grant	517,875	4320
264	Lang instr ltd english prof/immig, Title III	7,915	4341
267	Supporting effective instruction	13,252	4351
230	ARP - IDEA children with disabilities	4,872	4510
218	ESSER III	96,187	4974
225	ESSER II	89,573	4977
802	USDA meal reimbursements	<u>153,452</u>	4999
		<u>\$ 893,126</u>	

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Special Revenue Fund**  
**Summary Schedule for Designated State Restricted Grants**  
**For Year Ended June 30, 2022**

<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	\$ 59,110	\$ 59,110	\$ -	\$ -	\$ -
936	3136	Student health/fitness - nurses	9,039	9,039	-	-	-
917	3187	Teacher supplies (no carryover)	550	550	-	-	-
			<u>\$ 68,699</u>	<u>\$ 68,699</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Education Improvement Act**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs**  
**For Fiscal Year Ended June 30, 2022**

**REVENUES**

3000 Revenue from state sources	
3500 Education improvement act	
3532 National Board sal supplemnt (no carryover)	\$ 6,523
3550 Teacher salary increase (no carryover)	48,351
3555 Teacher salary fringe (no carryover)	11,615
3563 Student health and fitness	15,418
3577 Teacher supplies (no carryover provision)	3,575
3583 Charter school payments	797,827
	<hr/>
Total state sources	883,309
	<hr/>
Total revenues all sources	883,309
	<hr/>

**EXPENDITURES**

100 Instruction	
110 General instruction	
111 Kindergarten programs	
400 Supplies and materials	2,062
112 Primary programs	
100 Salaries	6,523
400 Supplies and materials	1,513
	<hr/>
Total instruction	10,098
	<hr/>
200 Support services	
210 Pupil services	
213 Health services	
100 Salaries	15,418
	<hr/>
Total support services	15,418
	<hr/>
Total expenditures	25,516
	<hr/>

**OTHER FINANCING SOURCES (USES)**

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ (857,793)
	<hr/>
Total other financing sources (uses)	(857,793)
	<hr/>

**EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES**

-0-

**FUND BALANCE, July 1, 2021**

-0-

**FUND BALANCE, June 30, 2022**

\$ -0-

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Education Improvement Act**  
**Summary Schedule by Program**  
**For Year Ended June 30, 2022**

<b>PROGRAM</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>EIA Interfund</b>	<b>Other Fund</b>	<b>EIA Fund Unearned</b>
			<b>Transfers In(Out)</b>	<b>Transfers In(Out)</b>	
3500 Education Improvement Act					
3532 National Board sal supplemnt (no carryover)	6,523	6,523	-	-	-
3550 Teacher salary increase (no carryover)	48,351	-	-	(48,351)	-
3555 Teacher salary fringe (no carryover)	11,615	-	-	(11,615)	-
3563 Student health and fitness	15,418	15,418	-	-	-
3577 Teacher supplies (no carryover provision)	3,575	3,575	-	-	-
3583 Charter school payments	797,827	-	-	(797,827)	-
<b>TOTALS</b>	<b>\$ 883,309</b>	<b>\$ 25,516</b>	<b>\$ -0-</b>	<b>\$ (857,793)</b>	<b>\$ -0-</b>

**LIBERTY STEAM CHARTER SCHOOL**  
**SUMTER, SOUTH CAROLINA**  
**Schedule of Due to State Department of Education/Federal Government**  
**June 30, 2022**

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

LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2022

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:

**AL Number(s)**  
84.282A

**Name of Federal Program or Cluster**  
Charter school (plan & implement) grant

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No



**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2022**

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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None.

**LIBERTY STEAM CHARTER SCHOOL  
SUMTER, SOUTH CAROLINA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Federal AL Number</b>	<b>Pass Through Grantor's Number</b>	<b>Total Expenditures</b>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Passed through SC Public Charter School District:			
Special education cluster:			
Individuals with Disabilities Education Act (IDEA)	84.027	N/A	\$ 20,760
Charter school (plan & implement) grant	84.282A	N/A	517,875
Lang instr ltd english prof/immig. Title III	84.365	N/A	7,915
Supporting effective instruction	84.367	N/A	13,252
ESSER II	84.425D	N/A	89,573
ESSER III	84.425U	N/A	96,187
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>745,562</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through SC Department of Education:			
Child nutrition cluster (cash assistance):			
School lunch program	10.555	N/A	153,452
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>153,452</b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<b>\$ 899,014</b>

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, 2022**

**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, 2022. 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.

**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  
GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Liberty STEAM Charter School  
Sumter, South Carolina

We have audited the financial statements of Liberty STEAM Charter School as of and for the year ended June 30, 2022, and have issued our report thereon dated October 15, 2022. 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.

**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 controls, 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.

**Compliance and Other Matters**

As part of obtaining reasonable 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

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

*Martin Smith and Company CPAs PA*

Greenville, South Carolina  
October 15, 2022

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

The Board of Directors  
Liberty STEAM Charter School  
Sumter, South Carolina

We have audited the compliance of Liberty STEAM Charter School with the types of compliance requirements described in the United States Office of Management and Budget Compliance Supplement ("OMB") that could have a direct and material effect on its major federal program for the year ended June 30, 2022. The School's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Compliance with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on its major federal program is the responsibility of the School's management.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the School's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

### **Opinion**

In our opinion, Liberty STEAM Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with the Uniform Guidance.

### **Internal Control Over Compliance**

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in an entity's internal control over compliance 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, 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, 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, by the School's internal controls on a timely basis. A significant deficiency in internal control over compliance 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. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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 over compliance and the results of that testing based on the requirements of the Uniform Guidance, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Smith and Company CPAs PA*

Greenville, South Carolina  
October 15, 2022