

GREEN Charter School
Greenville, South Carolina

Report on Financial Statements
Year Ended June 30, 2018

Basic Financial Statements,
Required Supplementary Information,
Other Supplementary Financial Information,
And Independent Auditor's Report

**GREEN Charter School
Greenville, South Carolina
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Year Ended June 30, 2018**

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Greenville, South Carolina
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PAYNE, WHITE & SCHMUTZ
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Independent Auditor's Report

The Governing Body
GREEN Charter School
Greenville, SC

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of GREEN Charter School, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise GREEN Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of GREEN Charter School, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GREEN Charter School's basic financial statements. The other supplementary financial information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018 on our consideration of GREEN Charter 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GREEN Charter School's internal control over financial reporting and compliance.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

November 1, 2018

Required Supplementary Information (Unaudited)

Management's Discussion and Analysis

GREEN Charter School
Greenville, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018

As management of GREEN Charter School (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

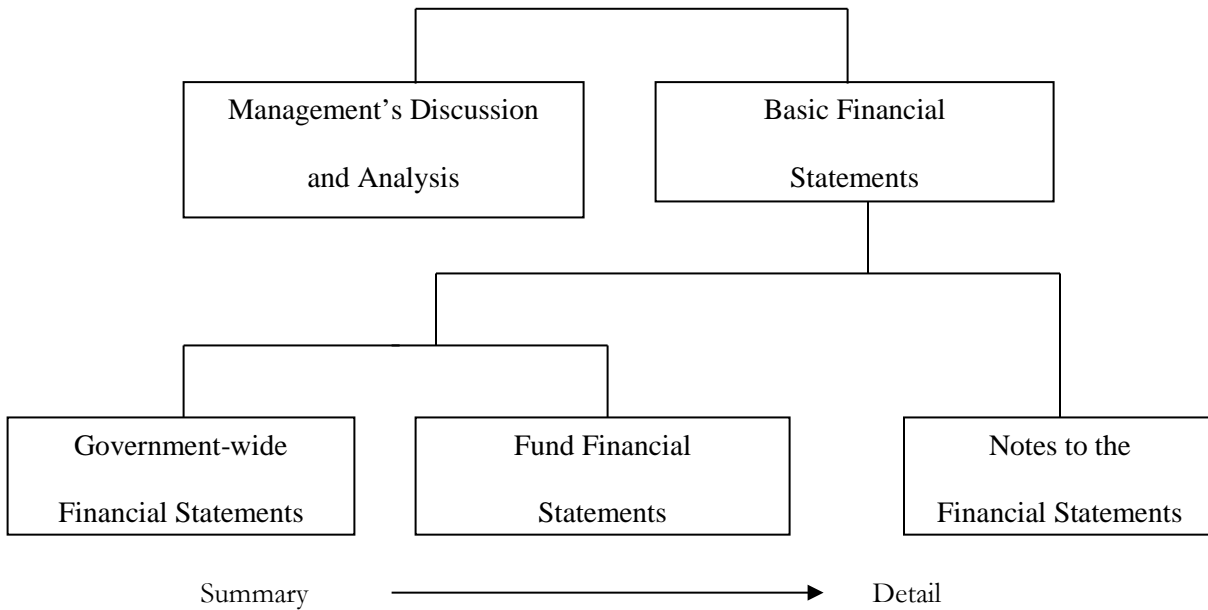
Financial Highlights

- The assets of the School exceeded its liabilities at the close of the fiscal year by \$4,403,699 (*net position*).
- Governmental activities increased the School's net position by \$704,765.
- The School's governmental funds reported combined ending fund balances of \$1,751,271.
- The 2017-2018 135-day headcount is 746.
- The School had notes payable in the amount of \$3,903,901 as of June 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of GREEN Charter School.

Figure 1 - Required Components of Annual Financial Report



GREEN Charter School
Greenville, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. Their Fund Financial Statements consist of governmental funds.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state and federal educational funds. The business-type activities are those services that the School charges its students and other customers. Currently the School does not have any business-type activities.

Fund Financial Statements

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

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

GREEN Charter School
Greenville, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018

Fund Financial Statements

The School has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget and whether or not the School has succeeded in providing the services as originally planned.

Notes to Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of the School exceeded liabilities by \$4,403,699 as of June 30, 2018. \$2,664,592 reflects the School's investment in net capital assets (e.g. land, building, furniture and fixtures, equipment, and leasehold improvements), less any related debt still outstanding that was issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$1,739,107 is unrestricted.

Figure 2 - GREEN Charter School's Net Position

	Governmental Activities 2018	Governmental Activities 2017
Current and other assets	\$ 2,278,871	\$ 2,259,910
Capital assets, net of depreciation	6,568,493	4,337,249
Total assets	8,847,364	6,597,159
Total liabilities	4,443,665	2,898,225
Net investment in capital assets	2,664,592	1,735,942
Unrestricted	1,739,107	1,962,992
Total net position	\$ 4,403,699	\$ 3,698,934

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

**GREEN Charter School
Greenville, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018**

Figure 3 - GREEN Charter School's Changes in Net Position

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>
Donations and other revenues	\$ 392,253	\$ 189,887
Charges for services	416,821	380,911
Intergovernmental	<u>6,349,899</u>	<u>5,639,287</u>
Total revenues	<u>7,158,973</u>	<u>6,210,085</u>
Instructional programs	3,427,833	2,423,650
Support services	2,871,870	2,437,106
Interest and other charges	<u>154,505</u>	<u>22,420</u>
Total expenses	<u>6,454,208</u>	<u>4,883,176</u>
Increase in net position	704,765	1,326,909
Net position July 1	<u>3,698,934</u>	<u>2,372,025</u>
Net position, June 30	<u>\$ 4,403,699</u>	<u>\$ 3,698,934</u>

Governmental activities - Governmental activities increased the School's net position by \$704,765.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,410,297.

Capital Asset and Debt Administration

Capital Assets - the School's investment in capital assets, net of accumulated depreciation, for its governmental activities as of June 30, 2018, totals \$6,568,493. Capital assets include furniture, fixtures, equipment, and leasehold improvements.

**GREEN Charter School
Greenville, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018**

Figure 4 - GREEN Charter School's Capital Assets, Net of Depreciation

	Governmental Activities 2018	Governmental Activities 2017
Land	\$ 1,960,000	\$ 1,960,000
Building	2,917,650	1,101,706
Furniture, fixtures, and equipment	180,239	74,767
Vehicles	115,618	-
Leasehold improvements	1,169,855	1,200,776
Construction in progress	225,131	-
 Total	\$ 6,568,493	\$ 4,337,249

Additional information about the School's capital assets can be found in Note II. of the Basic Financial Statements.

Long-term Debt - As of June 30, 2018, the school had notes payable for \$3,903,901.

General Fund Budgetary Highlights

The positive revenue variance of \$376,380 is due to the school not budgeting for student activities.

The negative variance in expenses of \$2,167,055 is due to the School budget not including facilities acquisition and construction costs.

Economic Factors

The following key economic indicators reflect the growth and prosperity 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 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 EFA funding.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, GREEN Charter School, 1440 Pelham Road, Greenville, SC, 29615, telephone number (864) 288-4134.

Government-Wide Financial Statements

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government	
	Governmental Activities	Total
Assets		
Cash and Cash Equivalents	\$ 1,922,254	\$ 1,922,254
Due from Other Governmental Units	39,357	39,357
Other Receivables	29,985	29,985
Other Assets	287,275	287,275
Capital Assets, Net of Depreciation	6,568,493	6,568,493
Total Assets	8,847,364	8,847,364
 Liabilities		
Accounts Payable and Other Current Liabilities	520,814	520,814
Unearned Revenue	18,950	18,950
Non Current Liabilities:		
Note Payable Due Within One Year	155,032	155,032
Note Payable Due In More Than One Year	3,748,869	3,748,869
Total Liabilities	4,443,665	4,443,665
 Net Position		
Net Investment in Capital Assets	2,664,592	2,664,592
Unrestricted Net Position	1,739,107	1,739,107
Total Net Position	\$ 4,403,699	\$ 4,403,699

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities:					
Instruction	\$ 3,427,833	\$ 416,821	\$ -	\$ (3,011,012)	\$ (3,011,012)
Support Services	2,871,870	-	-	(2,871,870)	(2,871,870)
Intergovernmental	-	-	6,349,899	6,349,899	6,349,899
Interest and Other Charges	154,505	-	-	(154,505)	(154,505)
Total Governmental Activities	6,454,208	416,821	6,349,899	312,512	312,512
Total Primary Government	\$ 6,454,208	\$ 416,821	\$ 6,349,899	312,512	312,512
General Revenues:					
Investment Earnings				327	327
Miscellaneous				391,926	391,926
Total General Revenues				392,253	392,253
				Change in Net Position	704,765
				Net Position - Beginning of Year	3,698,934
				Net Position - End of Year	\$ 4,403,699
				\$ 4,403,699	\$ 4,403,699

See accompanying notes to financial statements and independent auditor's report.

Fund Financial Statements

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	Special Revenue	Education Improve- ment Act	Total Governmental Funds
Assets				
Cash and Investments	\$ 1,868,555	\$ 53,699	\$ -	\$ 1,922,254
Due from:				
Other Funds	24,766	-	-	24,766
Other Governmental Units	10,507	15,497	13,353	39,357
Other Receivables	29,984	-	-	29,984
Prepaid Expenses and Other Assets	287,275	-	-	287,275
Total Assets	<u>2,221,087</u>	<u>69,196</u>	<u>13,353</u>	<u>2,303,636</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	508,649	-	-	508,649
Unearned Revenue	14,866	-	4,084	18,950
Due to:				
Other Funds	-	15,497	9,269	24,766
Total Liabilities	<u>523,515</u>	<u>15,497</u>	<u>13,353</u>	<u>552,365</u>
Fund Balances:				
Nonspendable				
Prepays	287,275	-	-	287,275
Unassigned	1,410,297	53,699	-	1,463,996
Total Fund Balances	<u>1,697,572</u>	<u>53,699</u>	<u>-</u>	<u>1,751,271</u>
Total Liabilities and Fund Balances	<u>\$ 2,221,087</u>	<u>\$ 69,196</u>	<u>\$ 13,353</u>	<u>\$ 2,303,636</u>

**GREEN CHARTER SCHOOL
 GREENVILLE, SOUTH CAROLINA
 RECONCILIATION OF THE BALANCE SHEET OF THE
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018**

Total Fund Balances - Governmental Funds \$ 1,751,271

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Cost of the assets	6,737,233	
Less: accumulated depreciation	<u>(168,740)</u>	6,568,493

Certain liabilities such as notes payables are not due and payable in the current period, and therefore, are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Notes payable		(3,903,901)
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid.

<u>(12,164)</u>

Total Net Position - Governmental Activities	<u><u>\$ 4,403,699</u></u>
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**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Education Improvement Act</u>	<u>Total Governmental Funds</u>
Revenues				
Earnings on Investments	\$ 327	\$ -	\$ -	\$ 327
Student Related Income	416,821	-	-	416,821
Other Local	215,144	176,782	-	391,926
Total Local	<u>632,292</u>	<u>176,782</u>	<u>-</u>	<u>809,074</u>
Intergovernmental Sources	<u>2,793,389</u>	<u>218,195</u>	<u>3,338,315</u>	<u>6,349,899</u>
Total Intergovernmental	<u>2,793,389</u>	<u>218,195</u>	<u>3,338,315</u>	<u>6,349,899</u>
Total Revenues	<u>3,425,681</u>	<u>394,977</u>	<u>3,338,315</u>	<u>7,158,973</u>
Expenditures				
Current:				
Instruction	3,193,528	72,076	160,481	3,426,085
Support Services	2,456,569	269,202	36,400	2,762,171
Debt Service	286,251	-	-	286,251
Capital Outlay	2,355,391	-	-	2,355,391
Total Expenditures	<u>8,291,739</u>	<u>341,278</u>	<u>196,881</u>	<u>8,829,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,866,058)</u>	<u>53,699</u>	<u>3,141,434</u>	<u>(1,670,925)</u>
Other Financing Sources (Uses)				
Transfers In	3,141,434	-	-	3,141,434
Transfers Out	-	-	(3,141,434)	(3,141,434)
Other Financing Sources (Uses)	<u>1,451,089</u>	<u>-</u>	<u>-</u>	<u>1,451,089</u>
Total Other Financing Sources (Uses)	<u>4,592,523</u>	<u>-</u>	<u>(3,141,434)</u>	<u>1,451,089</u>
Net Change in Fund Balances	<u>(273,535)</u>	<u>53,699</u>	<u>-</u>	<u>(219,836)</u>
Fund Balances - Beginning of Year	<u>1,971,107</u>	<u>-</u>	<u>-</u>	<u>1,971,107</u>
Fund Balances - End of Year	<u>\$ 1,697,572</u>	<u>\$ 53,699</u>	<u>\$ -</u>	<u>\$ 1,751,271</u>

See accompanying notes to financial statements and independent auditor's report.

**GREEN CHARTER SCHOOL
 GREENVILLE, SOUTH CAROLINA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Governmental Funds \$ (219,836)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capitalized capital outlays in the current period	2,355,391	
Depreciation expense in the current period	<u>(124,146)</u>	2,231,245

Proceeds from long-term debt are reflected in the statement of revenues, expenditures, and change in fund balance as a source of financing but not in the statement of activities.	(1,451,089)
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Principal payments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	148,494
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Interest expense in the statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for notes payable.	<u>(4,049)</u>
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Change in Net Position - Governmental Activities	<u><u>\$ 704,765</u></u>
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Notes to Financial Statements

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies:

Greenville Renewable Energy Education Charter School is known as GREEN Charter School. GREEN Charter School (the School) was created in 2012 through a charter granted by the South Carolina Public Charter School District (SCPCSD). The School began operations in 2013. The School is a discretely presented component unit of SCPCSD.

The School's mission is to establish improved science and sustainability learning opportunities that stimulate scientifically literate individuals, workforce, and leadership through world class and challenging science teaching standards. The School will instill in students the desire to continually expand their intellects and use the content knowledge and skills they have acquired to participate in and responsibly shape the quality and direction of a complex world with ever increasing energy and sustainability demands.

The school seeks to offer this format of education to Kindergarten through twelfth grade students.

A. Reporting Entity

The Board of Directors (the "Board") of the School determines the operating policies and such policies are implemented by the school's staff. As of June 30, 2018, the School's volunteer Board of Directors is as follows:

Board Members

Renee LaPierre	Uma Vaizers
Karen Hall	Craig Young
Melinda Young	Kimberly Christ
Yavuz Koruk	Emre Mese

These financial statements present the School which is a component unit of South Carolina Public Charter School District. The School is a legally separate entity that is in substance part of the School District's operation.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies (continued):

Fund Financial Statements:

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The following are the School's major governmental funds:

1. General Fund - The General Operating Fund of the School is used to account for all financial resources except those required to be accounted for in another fund. All revenue, charges for services, Education Finance Act revenue, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration, and other departments of the School are paid through the General Fund.
2. Special Revenue Fund - Special Revenue Funds account for the operations of federal and state projects, which are required by the South Carolina State Department of Education to be accounted for in separate funds.
3. Education Improvement Act Fund - This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The School did not have any non-major funds as of June 30, 2018.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies (continued):

C. Measurement Focus and Basis of Accounting

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.

Governmental fund 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets cash flow needs of its proprietary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-exchange transactions are transactions in which the School receives value without directly giving equal value in return, including grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Amounts reported as program revenues include operating grants and contributions.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies (continued):

D. Assets, Liabilities, and Equity

Deposits and Investments

The School's cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less, that are both readily convertible to known amounts of cash, and so near their maturity that they present no significant risk of changes in value because of changes in interest rates.

State statutes authorized the School to invest in the following:

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 and savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit and repurchase agreements collateralized 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 and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

The School has not formally adopted a deposit and investment policy. The School has no investments as of June 30, 2018.

Capital Assets

Capital assets, which include leasehold improvement, classroom equipment, and office equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building	39
Leasehold Improvements	Life of Lease
Furniture and Fixtures	3 - 5
Equipment	3 - 5

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies (continued):

Transfers From and To Other Funds

There was a transfer of \$3,141,434 from the EIA Fund to the General Fund, mainly to transfer charter school funding from the SC Charter School District.

Unearned Revenues

Unearned revenues arise when resources have been received but not yet earned. Federal, state, local and private program grant revenues received and not yet expended by the School are recorded as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when the School has a legal claim to the grant proceeds, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Due from Other Governmental Units

Amounts due from other governmental units represents amounts owed to the School from the District for grant/contractual funding related to the school year ending June 30, 2018 that has been earned but not yet received as of June 30, 2018. The balance as of year-end was \$39,357, which represented amounts due from the SC Charter School District, mainly in relation to Charter School Funding and the IDEA program.

Reservations and Designations of Fund Balances

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that does not meet the definition of “restricted” or “Net investment in capital assets”.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies (continued):

Fund Financial Statements

The School's fund balance amounts are reported within one of the following fund balance categories.

- a. *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable and property held for resale).
- b. *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c. *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.
- d. *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director.
- e. *Unassigned* – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

The School does not currently have policies in place for committed and assigned fund balances. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are identified (not including non-spendable amounts). Any remaining fund balance amounts are evaluated for committed or assigned purposes and the remaining are classified as unassigned fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

E. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the School's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

II. Detailed Notes on All Funds:

A. Deposits and Investments

Deposits

Custodial credit risk for deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The School does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2018, \$1,173,317 of the School's bank balances of \$3,846,634 is exposed to custodial credit risk.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, is as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,960,000	\$ -	\$ -	\$ 1,960,000
Construction in Progress	-	225,131	-	225,131
Total Capital Assets, Not Being Depreciated	<u>1,960,000</u>	<u>225,131</u>	<u>-</u>	<u>2,185,131</u>
Capital Assets, Being Depreciated				
Building	1,106,433	1,874,782	-	2,981,215
Furniture and equipment	109,479	127,013	-	236,492
Vehicles	-	128,465	-	128,465
Leasehold improvements	1,205,930	-	-	1,205,930
Total capital assets, being depreciated	<u>2,421,842</u>	<u>2,130,260</u>	<u>-</u>	<u>4,552,102</u>
Total capital assets, cost	<u>4,381,842</u>	<u>2,355,391</u>	<u>-</u>	<u>6,737,233</u>
Less accumulated depreciation:				
Building	4,725	58,840	-	63,565
Furniture and equipment	34,715	21,538	-	56,253
Vehicles	-	12,847	-	12,847
Leasehold improvements	5,154	30,921	-	36,075
Total accumulated depreciation	<u>44,594</u>	<u>124,146</u>	<u>-</u>	<u>168,740</u>
Total capital assets, being depreciated, net	<u>2,377,248</u>	<u>2,006,114</u>	<u>-</u>	<u>4,383,362</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 4,337,248</u>	<u>\$ 2,231,245</u>	<u>\$ -</u>	<u>\$ 6,568,493</u>

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

II. Detailed Notes on All Funds (continued):

Depreciation expense of \$1,748 and \$122,398 is charged to instruction and support services, respectively.

C. Long-Term Obligations

Operating Leases

The School leases their facilities and pays \$52,075 per month, expiring August 31, 2023.

The total future minimum payments for June 30:

Fiscal Year	Amount
2019	\$ 587,898
2020	604,907
2021	623,250
2022	642,105
2023	624,710
Beyond Year 5	99,433
Total minimum payments	\$ 3,182,303

Lease expense for the year ended June 30, 2018 is \$632,205.

Note Payable

All long-term indebtedness of the primary government is accounted for in the governmental column of the Government-Wide Statement of Net Position.

The long-term obligation detailed below consists of a note payable used to finance the purchase of the School's building and grounds. On July 5th, 2016, the School purchased the property for \$3 million. The purchase was made with a \$4.2 million loan at 3.75%, maturing in July 2023. As of June 30, 2018, \$4.2 million of the loan funds had been drawn down.

Summarized below is the School's note payable to Ameris Bank, which is outstanding at June 30, 2018:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Governmental Activities:					
Note Payable	Finance Construction of New School Facility	\$ 4,160,000	\$ 3,894,713	3.750%	\$ 3,088,619
Equipment Note Payable	Finance Kitchen Equipment	14,700	9,188	0.000%	3,675
Total Governmental Activities		\$ 4,174,700	\$ 3,903,901		

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

II. Detailed Notes on All Funds (continued):

Long-term activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long Term Notes Payable:					
Note Payable	\$ 2,601,305	\$ 1,436,389	\$ 142,981	\$ 3,894,713	\$ 146,696
Equipment Note Payable	-	14,700	5,512	9,188	3,675
Total Bonds Payable	<u>\$ 2,601,305</u>	<u>\$ 1,451,089</u>	<u>\$ 148,493</u>	<u>\$ 3,903,901</u>	<u>\$ 150,371</u>

The School's general funds are used to liquidate the governmental activities long-term liabilities. Debt service requirements in future years for notes payable are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Total Primary Government</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$ 155,032	\$146,052	\$ 301,084	\$ 301,084
2020	160,708	140,376	301,084	301,084
2021	164,760	134,487	299,247	299,247
2022	169,031	128,378	297,409	297,409
2023	175,370	122,039	297,409	297,409
2024	3,078,998	9,621	3,088,619	3,088,619
Total	<u>\$ 3,903,901</u>	<u>\$ 680,953</u>	<u>\$ 4,584,854</u>	<u>\$ 4,584,854</u>

III. Other Information:

A. Related Parties

The School is a component unit of the SCPCSD's financial statements. Annual funding allocated from the SCPCSD to the School during the year ended June 30, 2018 is \$6,296,637. The District additionally provides services to the School at fair market value. The School paid the District \$458,364 for these services.

In addition, a new sister school named GREEN Charter School of the Midlands opened to students in fiscal year 2018. Although the District considers these schools as separate entities, a single board presides over both GREEN and GREEN Charter School of the Midlands. During fiscal year 2017, GREEN loaned \$160,817 to GREEN Charter School of the Midlands, in order to assist with start-up costs. \$12,309 of the loan remained outstanding as of June 30, 2018, and is reported as Other Receivables on the Statement of Net Position.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

III. Other Information: (continued)

B. Contingencies

Grants

The School participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Litigation

The School may be party to various legal proceedings incidental to its operation. Certain claims, suits and complaints arising in the ordinary course of business may be filed or are pending. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts as would not have a significant effect on the financial position of the School if disposed of unfavorably.

C. Retirement Plan

Plan Description

The School maintains a 403(b) with National Benefit Services. Employees contribute through payroll deduction to the plan and the School also makes contributions on behalf of employees. These provisions were established by the School's Board of Directors. The School's contributions to the plan for the year ended June 30, 2018 is \$189,053.

D. Subsequent Events Evaluation

Subsequent events have been evaluated through November 1, 2018, which is the date the financial statements were available to be issued.

**Required Supplementary Information Other Than Management's
Discussion and Analysis (Unaudited)**

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues			
Local	\$ 100,000	\$ 100,000	\$ 632,292
State	2,949,301	2,949,301	2,793,389
Total Revenues	<u>3,049,301</u>	<u>3,049,301</u>	<u>3,425,681</u>
Expenditures			
Current:			
Instruction	3,416,722	3,416,722	3,193,528
Support Services	2,707,962	2,707,962	4,811,960
Debt Services	-	-	286,251
Total Expenditures	<u>6,124,684</u>	<u>6,124,684</u>	<u>8,291,739</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,075,383)	(3,075,383)	(4,866,058)
Other Financing Sources (Uses)	<u>2,892,960</u>	<u>2,892,960</u>	<u>4,592,523</u>
Net Change In Fund Balance	(182,423)	(182,423)	(273,535)
Fund Balances - Beginning of Year	<u>1,971,107</u>	<u>1,971,107</u>	<u>1,971,107</u>
Fund Balances - End of Year	<u><u>\$ 1,788,684</u></u>	<u><u>\$ 1,788,684</u></u>	<u><u>\$ 1,697,572</u></u>

See accompanying notes to budgetary comparison schedule - general fund.

GREEN CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2018

Note A - Budgetary Basis

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles. The budget for the General Fund is prepared by function and activity and includes current year estimates for the next fiscal year. Fund expenditures may not exceed amounts within the total budget without the approval of the Board. Line item transfers within functions are approved by the Board of Directors. Budget amounts reflected in the accompanying schedule represent the adopted budget and any revisions during the fiscal year.

Budgets for the Special Revenue Fund and EIA Fund are approved by the appropriate granting agencies, and as such, these budgets are not part of the School's legally adopted budget and are not presented in the Budgetary Comparison Schedule.

Other Supplementary Financial Information

General Fund

To account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenues and miscellaneous revenues are recorded in this fund. Operational expenditures for general education, support services and other departments of the School are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
1000 Revenue from Local Sources			
1500 Earnings on Investments			
1510 Interest on Investments	\$ -	\$ 327	\$ 327
1700 Pupil Activities			
1730 Pupil Organization Membership Dues and Fees	-	4,077	4,077
1740 Student Fees	-	47,640	47,640
1790 Other Pupil Activity Income	-	365,104	365,104
1900 Other Revenue from Local Sources			
1910 Rentals	60,000	125,755	65,755
1920 Contributions & Donations Private Sources	40,000	78,232	38,232
1990 Miscellaneous Local Revenue			
1993 Receipt of Insurance Proceeds	-	3,955	3,955
1999 Revenue from Other Local Sources	-	7,202	7,202
Total Local Sources	<u>100,000</u>	<u>632,292</u>	<u>532,292</u>
3000 Revenue from State Sources			
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	662,461	671,544	9,083
3300 Education Finance Act			
3310 Full-time Programs			
3311 Kindergarten	192,000	191,114	(886)
3312 Primary	576,000	567,135	(8,865)
3313 Elementary	900,000	856,874	(43,126)
3314 High School	180,000	80,825	(99,175)
3316 Speech Handicapped	54,000	48,655	(5,345)
3320 Part-Time Programs:			
3323 Learning Disabilities	26,640	47,891	21,251
3324 Hearing Handicapped	-	11,031	11,031
3327 Vocational	-	70,730	70,730
3330 Miscellaneous EFA Programs:			
3331 Autism	-	6,232	6,232
3332 High Achieving Students	108,000	73,576	(34,424)
3334 Limited English Proficiency	57,600	40,551	(17,049)
3351 Academic Assistance	48,600	42,810	(5,790)
3352 Pupils in Poverty	144,000	77,940	(66,060)
3353 Dual Credit Enrollment	-	742	742
3392 NBC Excess EFA Formula	-	5,739	5,739
Total Revenue from State Sources	<u>2,949,301</u>	<u>2,793,389</u>	<u>(155,912)</u>
Total Revenue All Sources	<u>3,049,301</u>	<u>3,425,681</u>	<u>376,380</u>

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	379,000	283,387	95,613
200 Employee Benefits	85,000	85,982	(982)
400 Supplies and Materials	20,000	22,324	(2,324)
112 Primary Programs			
100 Salaries	360,000	315,245	44,755
200 Employee Benefits	158,590	146,131	12,459
300 Purchased Services	-	200	(200)
400 Supplies and Materials	50,000	55,615	(5,615)
113 Elementary Programs			
100 Salaries	1,000,000	982,520	17,480
200 Employee Benefits	320,000	304,690	15,310
300 Purchased Services	15,000	16,841	(1,841)
400 Supplies and Materials	170,000	177,014	(7,014)
114 High School Programs			
100 Salaries	479,000	389,493	89,507
200 Employee Benefits	150,000	133,504	16,496
300 Purchased Services	5,000	4,570	430
400 Supplies and Materials	45,000	48,396	(3,396)
120 Exceptional Programs			
125 Hearing Handicapped			
300 Purchased Services	1,000	400	600
126 Speech Handicapped			
300 Purchased Services	58,000	32,398	25,602
127 Learning Disabilities			
100 Salaries	80,000	83,110	(3,110)
200 Employee Benefits	21,632	26,145	(4,513)
300 Purchased Services	1,000	229	771
400 Supplies and Materials	18,500	1,746	16,754
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
100 Salaries	-	32,389	(32,389)
200 Employee Benefits	-	2,577	(2,577)
190 Instructional Pupil Activity			
100 Salaries		262	(262)
300 Purchased Services	-	14,910	(14,910)
400 Supplies and Materials	-	31,573	(31,573)
600 Other Objects	-	1,877	(1,877)
Total Instruction	<u>3,416,722</u>	<u>3,193,528</u>	<u>223,194</u>

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	-	88,280	(88,280)
200 Employee Benefits	-	19,692	(19,692)
300 Purchased Services	85,000	12	84,988
400 Supplies and Materials	-	768	(768)
213 Health Services			
100 Salaries	-	9,891	(9,891)
200 Employee Benefits	-	4,014	(4,014)
300 Purchased Services	37,000	-	37,000
400 Supplies and Materials	-	141	(141)
214 Psychological Services			
300 Purchased Services	10,000	12,791	(2,791)
215 Exceptional Program Services			
100 Salaries	-	6,245	(6,245)
200 Employee Benefits	-	529	(529)
300 Purchased Services	5,000	7,180	(2,180)
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
200 Employee Benefits	-	367	(367)
300 Purchased Services	80,000	65,901	14,099
222 Library and Media Services			
400 Supplies and Materials	15,000	-	15,000
224 Improv. of Instr. - In-svc and Staff Training			
300 Purchased Services	10,000	19,693	(9,693)
400 Supplies and Materials	-	6,809	(6,809)
230 General Administration Services			
231 Board of Education			
300 Purchased Services	50,000	15,534	34,466
318 Audit Fees	20,000	11,100	8,900
600 Other Objects	61,000	59,372	1,628
233 School Administration			
100 Salaries	349,000	498,007	(149,007)
200 Employee Benefits	205,962	145,354	60,608
300 Purchased Services	15,000	24,488	(9,488)
400 Supplies and Materials	18,000	16,978	1,022
600 Other Objects	-	20,884	(20,884)
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	30,000	94,258	(64,258)
600 Other Objects	1,000	2,175	(1,175)
253 Facilities Acquisition and Construction			
300 Purchased Services	80,000	3,600	76,400
520 Construction Services	275,000	225,131	49,869
525 Buildings	-	1,874,782	(1,874,782)
540 Equipment	-	255,478	(255,478)

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
254 Operation and Maintenance of Plant			
100 Salaries	-	59,510	(59,510)
200 Employee Benefits	-	4,911	(4,911)
300 Purchased Services	955,000	772,901	182,099
321 Water	15,000	7,651	7,349
400 Supplies and Materials	40,000	55,123	(15,123)
470 Energy	130,000	114,089	15,911
600 Other Objects	-	4,869	(4,869)
255 Student Transportation			
300 Purchased Services	100,000	458	99,542
400 Supplies and Materials	-	4,568	(4,568)
258 Security			
300 Purchased Services	20,000	10,146	9,854
260 Central Support Services			
263 Information Services			
300 Purchased Services	1,000	7,133	(6,133)
266 Technology and Data Processing Services			
100 Salaries	-	38,313	(38,313)
200 Employee Benefits	-	12,585	(12,585)
300 Purchased Services	100,000	34,318	65,682
400 Supplies and Materials	-	52,517	(52,517)
270 Support Services Pupil Activity			
271 Pupil Services Activities			
300 Purchased Services	-	4,513	(4,513)
400 Supplies and Materials	-	8,571	(8,571)
600 Other Objects	-	130,330	(130,330)
Total Support Services	<u>2,707,962</u>	<u>4,811,960</u>	<u>(2,103,998)</u>
500 Debt Services			
610 Redemption of Principal	-	148,495	(148,495)
620 Interest	-	137,756	(137,756)
Total Debt Services	<u>-</u>	<u>286,251</u>	<u>(286,251)</u>
Total Expenditures	<u>6,124,684</u>	<u>8,291,739</u>	<u>(2,167,055)</u>
Excess/(Deficiency) of Revenues over Expenditures	(3,075,383)	(4,866,058)	(1,790,675)
Other Financing Sources (Uses)			
5400 Proceeds from Long-Term Notes	-	1,451,089	1,451,089
Interfund Transfers, From (To) Other Funds			
5230 Transfer from Special Revenue EIA Fund	2,892,960	3,141,434	248,474
Total Other Financing Sources (Uses)	<u>2,892,960</u>	<u>4,592,523</u>	<u>1,699,563</u>
Net Change In Fund Balance	(182,423)	(273,535)	(91,112)
Fund Balances - Beginning of Year	<u>1,971,107</u>	<u>1,971,107</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,788,684</u>	<u>\$ 1,697,572</u>	<u>\$ (91,112)</u>

Special Revenue Funds

To account for the operations of federal and state projects, which are required to be accounted for in separate funds.

Special Revenue Fund – This fund is used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act Fund – This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The following combining and individual fund statements and schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina Department of Education.

GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	<u>IDEA</u>	<u>Other Designated Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
Revenues				
1000 Revenue from Local Sources				
1990 Miscellaneous Local Revenue				
1999 Revenue from Other Local Sources	\$ -	\$ -	\$ 176,782	\$ 176,782
Total Local Sources	<u>-</u>	<u>-</u>	<u>176,782</u>	<u>176,782</u>
3000 Revenue from State Sources				
3100 Restricted State Funding				
3120 General Education				
3127 Student Health and Fitness - PE Teachers	-	9,714	-	9,714
3130 Special Programs				
3135 Reading Coaches	-	56,764	-	56,764
3136 Student Health and Fitness - Nurses	-	25,897	-	25,897
3187 Teacher Supplies	-	13,200	-	13,200
Total State Sources	<u>-</u>	<u>105,575</u>	<u>-</u>	<u>105,575</u>
4000 Revenue from Federal Sources				
4500 Programs for Children with Disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	52,708	-	-	52,708
4900 Other Federal Sources				
4999 Revenue from Other Federal Sources	-	-	59,912	59,912
Total Federal Sources	<u>52,708</u>	<u>-</u>	<u>59,912</u>	<u>112,620</u>
Total Revenue All Sources	<u>52,708</u>	<u>105,575</u>	<u>236,694</u>	<u>394,977</u>

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018**

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures				
100 Instruction				
110 General Instruction				
111 Kindergarten Programs				
400 Supplies and Materials	-	1,100	-	1,100
112 Primary Programs				
400 Supplies and Materials	-	2,750	-	2,750
113 Elementary Programs				
400 Supplies and Materials	-	6,325	-	6,325
114 High School Programs				
100 Salaries	-	9,714	-	9,714
400 Supplies and Materials	-	2,475	-	2,475
120 Exceptional Programs				
126 Speech Handicapped				
400 Supplies and Materials	-	550	-	550
127 Learning Disabilities				
100 Salaries	49,162	-	-	49,162
Total Instruction	49,162	22,914	-	72,076
200 Support Services				
213 Health Services				
100 Salaries	-	25,897	-	25,897
220 Support Services - Instructional Staff				
221 Improvement of Instruction - Curriculum Development				
100 Salaries	-	56,764	-	56,764
250 Finance and Operations Services				
256 Food Service				
400 Supplies and Materials	-	-	182,995	182,995
260 Central Support Services				
266 Technology and Data Proc. Svc				
400 Supplies and Materials	3,546	-	-	3,546
Total Support Services	3,546	82,661	182,995	269,202
Total Expenditures	52,708	105,575	182,995	341,278
Excess/(Deficiency) of Revenues over Expenditures	-	-	53,699	53,699
Other Financing Sources (Uses)				
Transfers To General Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	53,699	53,699
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	\$ -	\$ -	\$ 53,699	\$ 53,699

GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
YEAR ENDED JUNE 30, 2018

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Unearned Revenue</u>
935	3135	Reading Coaches	\$ 56,764	\$ 56,764	\$ -
936	3136	Student Health and Fitness - Nurses	25,897	25,897	-
937	3127	Student Health and Fitness - PE Teachers	9,714	9,714	-
917	3187	Teacher Supplies	13,200	13,200	-
	Totals		\$ 105,575	\$ 105,575	\$ -

**GREEN CHARTER SCHOOL
 GREENVILLE, SOUTH CAROLINA
 SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2018**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:		
3507 Aid To District - Technology	\$	7,963
3511 Professional Development		5,611
3518 Formative Assessment		3,718
3526 Refurbishment of K-8 Science Kits		6,136
3529 Career and Technology Education		30,657
3538 Students At Risk of School Failure		20,222
3550 Teacher Salary Increase		87,181
3555 School Employer Contributions		14,118
3558 Reading		2,721
3583 Charter School Funding		3,141,435
3587 IDEA MOE Tier I		7,384
3595 EEDA Supplies and Materials		747
3597 Aid to Districts		10,422

Total State Sources	<u>3,338,315</u>
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Total Revenue All Sources	<u>3,338,315</u>
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Expenditures

100 Instruction

110 General Instruction		
111 Kindergarten Programs		
100 Salaries	21,795	
200 Employee Benefits	3,530	
400 Supplies and Materials	394	
112 Primary Programs		
100 Salaries	21,795	
200 Employee Benefits	3,530	
400 Supplies and Materials	1,299	
113 Elementary Programs		
100 Salaries	21,795	
200 Employee Benefits	3,530	
400 Supplies and Materials	10,953	
114 High School Programs		
100 Salaries	52,439	
200 Employee Benefits	3,530	
300 Purchased Services	1,879	
400 Supplies and Materials	12,792	
120 Exceptional Programs		
127 Learning Disabilities		
400 Supplies and Materials		1,220

Total Instruction	<u>160,481</u>
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**GREEN CHARTER SCHOOL
 GREENVILLE, SOUTH CAROLINA
 SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 YEAR ENDED JUNE 30, 2018**

200 Support Services	
210 Support Services - Students	
212 Guidance Services	
400 Supplies and Materials	747
220 Instructional Staff Services	
221 Improvement of Instruction-Curriculum Development	
300 Purchased Services	2,721
224 Improv. of Instr. - In-service and Staff Training	
300 Purchased Services	5,611
260 Central Support Services	
266 Technology and Data Processing Services	
400 Supplies and Materials	<u>27,321</u>
Total Support Services	<u>36,400</u>
Total Expenditures	<u>196,881</u>
Interfund Transfers, From (To) Other Funds:	
420-710 Transfers to General Fund	<u>(3,141,434)</u>
Total Other Financing Sources (Uses)	<u>(3,141,434)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>
Net Change in Fund Balance	-
Fund Balances - Beginning of Year	<u>-</u>
Fund Balances - End of Year	<u><u>\$ -</u></u>

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2018**

Program	<u>Revenues</u>	<u>Expenditures</u>	<u>Unearned Revenue</u>	<u>Transfers</u>
3500 Education Improvement Act:				
3507 Aid To District - Technology	\$ 7,963	\$ 7,963	\$ -	\$ -
3511 Professional Development	5,611	5,611	-	-
3518 Formative Assessment	3,718	3,718	-	-
3526 Refurbishment of K-8 Science Kits	6,136	6,136	1,250	-
3529 Career and Technology Education	30,657	30,657	-	-
3538 Students At Risk of School Failure	20,222	33,940	-	-
3550 Teacher Salary Increase	87,181	87,181	-	-
3555 School Employer Contributions	14,118	14,118	-	-
3557 Summer Reading Program	-	-	2,834	-
3558 Reading	2,721	2,721	-	-
3583 Charter School Funding	3,141,435	1	-	3,141,434
3587 IDEA MOE Tier I	7,384	7,384	-	-
3595 EEDA Supplies and Materials	747	747	-	-
3597 Aid to Districts	10,422	10,422	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 3,338,315</u>	<u>\$ 210,599</u>	<u>\$ 4,084</u>	<u>\$ 3,141,434</u>

**GREEN CHARTER SCHOOL
 GREENVILLE, SOUTH CAROLINA
 DETAILED SCHEDULE OF DUE TO
 SOUTH CAROLINA DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT**

Program	Grant or Project Number and FY	Revenue & Subfund Codes	Description	Amount Due to SCDE or Federal Government	Status of Amounts Due to Grantors
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No funds are due to South Carolina Department of Education/Federal government

Compliance Section



PAYNE, WHITE & SCHMUTZ
— CERTIFIED PUBLIC ACCOUNTANTS, PA —

114 West North First Street, Seneca, SC 29678 (864) 882-1937 (864) 882-0849

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

Independent Auditor's Report

The Governing Body
GREEN Charter School

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of GREEN Charter School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise GREEN Charter School's basic financial statements, and have issued our report thereon dated GREEN Charter School.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 GREEN Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards, and which is described in the accompanying schedule of findings and responses (item II).

The School's Response to Findings

The School's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

November 1, 2018

**GREEN CHARTER SCHOOL
GREENVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

I. Summary of Independent Auditor's Results

Financial Statements

Type of report issued:	Unmodified		
Internal Control over financial reporting: Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____ No
Non-compliance material to financial statements noted?	_____ <u>X</u> _____	Yes	_____ _____ No

II. Financial Statements / Compliance Findings

Condition and Criteria: At June 30, 2018, the School was under collateralized by approximately \$1,173,000. State law requires that all bank accounts with balances exceeding depository insurance limits be adequately collateralized. The School should have appropriate monitoring processes in place to ensure that the School is in compliance with the various regulations and laws to which it is subject.

Effect: Because compliance with this law is not monitored by the School, there can be assets at risk of being under collateralized.

Cause: It appears the School relied on its banking partners to supervise the compliance with this law.

Auditors Recommendation: The School should arrange agreements with their banks to provide sufficient collateral in order to remain in compliance with state law.

Auditee's Response: Establishing the proper bank collateral will be addressed.