

Green Charter School of the Midlands
Irmo, 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 of the Midlands
Irmo, South Carolina
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Irmo, South Carolina
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PAYNE, WHITE & SCHMUTZ
— CERTIFIED PUBLIC ACCOUNTANTS, PA —

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

Independent Auditor's Report

The Governing Body
Green Charter School of the Midlands

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 of the Midlands, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Green Charter School of the Midlands's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Green Charter School of the Midlands'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 of the Midlands, 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 of the Midlands'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 of the Midlands'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 of the Midlands's internal control over financial reporting and compliance.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

November 1, 2018

Management's Discussion and Analysis

Required Supplementary Information (Unaudited)

Green Charter School of the Midlands
Irmo, South Carolina
Required Supplementary Information (Unaudited)
Management’s Discussion and Analysis
Year Ended June 30, 2018

As management of Green Charter School of the Midlands (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.

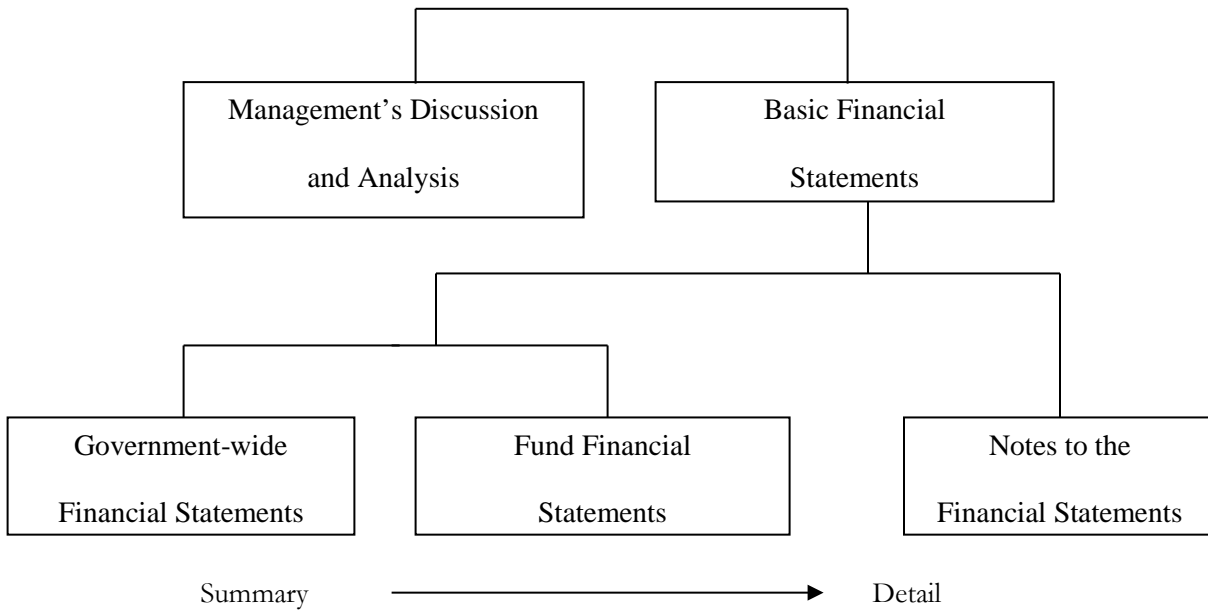
Financial Highlights

- The liabilities of the School exceeded its assets at the close of the fiscal year by \$281,370 (*net position*).
- Governmental activities increased the School’s net position by \$141,016.
- The School’s governmental funds reported combined ending fund balances of \$936,815.
- The 2017-2018 135-day headcount is 252.
- The School had a note payable in the amount of \$5,845,000 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 of the Midlands.

Figure 1 - Required Components of Annual Financial Report



Green Charter School of the Midlands
Irmo, 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 of the Midlands
Irmo, 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 liabilities of the School exceeded assets by \$281,370 as of June 30, 2018. The debt is currently greater than the capital assets net of depreciation, and therefore there is no balance in net investment in capital assets. 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. In addition, there remains \$520,844 restricted for capital projects and \$217,652 restricted for debt service. The remaining balance of (\$1,019,866) is unrestricted.

Figure 2 - Green Charter School of the Midland's Net Position

	Governmental Activities 2018	Governmental Activities 2017
Current and other assets	\$ 1,127,925	\$ 2,225,991
Capital assets, net of depreciation	4,664,450	3,900,090
Total assets	5,792,375	6,126,081
Total liabilities	6,073,745	6,548,467
Net investment in capital assets	-	-
Restricted For Capital Projects	520,844	-
Restricted For Debt Service	217,652	-
Unrestricted	(1,019,866)	(422,386)
Total net position	\$ (281,370)	\$ (422,386)

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 of the Midlands
Irmo, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2018

Figure 3 - Green Charter School of the Midland's Changes in Net Position

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>
Donations and other revenues	\$ 46,883	\$ 3,290
Charges for services	105,204	-
Intergovernmental	<u>2,589,611</u>	<u>120,000</u>
Total revenues	<u>2,741,698</u>	<u>123,290</u>
Instructional programs	1,342,876	-
Support services	937,802	114,210
Interest and other charges	<u>320,004</u>	<u>431,466</u>
Total expenses	<u>2,600,682</u>	<u>545,676</u>
Increase in net position	141,016	(422,386)
Net position July 1	<u>(422,386)</u>	<u>-</u>
Net position, June 30	<u><u>\$ (281,370)</u></u>	<u><u>\$ (422,386)</u></u>

Governmental activities - Governmental activities increased the School's net position by \$141,016.

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 \$196,194.

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 \$4,664,450. Capital assets include furniture, fixtures, equipment, and leasehold improvements.

**Green Charter School of the Midlands
Irmo, South Carolina
Required Supplementary Information (Unaudited)
Management’s Discussion and Analysis
Year Ended June 30, 2018**

Figure 4 – Green Charter School of the Midland’s Capital Assets, Net of Depreciation

	Governmental Activities 2018	Governmental Activities 2017
Land	\$ 1,911,971	\$ 1,911,971
Building	2,547,173	-
Furniture, fixtures, and equipment	199,806	15,794
Construction in progress	5,500	1,972,325
Total	<u>\$ 4,664,450</u>	<u>\$ 3,900,090</u>

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 a bond payable for \$5,845,000.

General Fund Budgetary Highlights

The negative revenue variance of \$915,181 is due to the school over-budgeting for EFA revenue.

The negative variance in expenses of \$974,108 is due to the School budget not including debt and construction service 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 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 of the Midlands, 7820 Broad River Road, Irmo, SC, 29063, telephone number (803) 563-5387.

Government-Wide Financial Statements

GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government	
	Governmental Activities	Total
Assets		
Cash and Cash Equivalents	\$ 297,327	\$ 297,327
Restricted Cash	738,496	738,496
Due from Other Governmental Units	89,977	89,977
Other Assets	2,125	2,125
Capital Assets, Net of Depreciation	4,664,450	4,664,450
Total Assets	5,792,375	5,792,375
 Liabilities		
Accounts Payable and Other Current Liabilities	210,296	210,296
Unearned Revenue	5,865	5,865
Due to Other Governmental Units	12,584	12,584
Non Current Liabilities:		
Note Payable Due Within One Year	181,576	181,576
Note Payable Due In More Than One Year	5,663,424	5,663,424
Total Liabilities	6,073,745	6,073,745
 Net Position		
Net Investment in Capital Assets	-	-
Restricted For Capital Projects	520,844	520,844
Restricted For Debt Service	217,652	217,652
Unrestricted Net Position	(1,019,866)	(1,019,866)
Total Net Position	\$ (281,370)	\$ (281,370)

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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	\$ 1,342,876	\$ 82,287	\$ -	\$ (1,260,589)	\$ (1,260,589)
Support Services	937,802	22,917	-	(914,885)	(914,885)
Intergovernmental	-	-	2,589,611	2,589,611	2,589,611
Interest and Other Charges	320,004	-	-	(320,004)	(320,004)
Total Governmental Activities	<u>2,600,682</u>	<u>105,204</u>	<u>2,589,611</u>	<u>94,133</u>	<u>94,133</u>
Total Primary Government	<u><u>\$ 2,600,682</u></u>	<u><u>\$ 105,204</u></u>	<u><u>\$ 2,589,611</u></u>	<u><u>94,133</u></u>	<u><u>94,133</u></u>
General Revenues:					
Investment Earnings				8,302	8,302
Miscellaneous				38,581	38,581
Total General Revenues				<u>46,883</u>	<u>46,883</u>
Change in Net Position				141,016	141,016
Net Position - Beginning of Year				<u>(422,386)</u>	<u>(422,386)</u>
Net Position - End of Year				<u><u>\$ (281,370)</u></u>	<u><u>\$ (281,370)</u></u>

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

Fund Financial Statements

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General	Special Revenue	Education Improve- ment Act	Total Governmental Funds
Assets				
Cash and Investments	\$ 297,327	\$ -	\$ -	\$ 297,327
Restricted Cash	738,496	-	-	738,496
Due from:				
Other Funds	96,193	-	10,091	106,284
Other Governmental Units	-	89,884	93	89,977
Prepaid Expenses and Other Assets	2,125	-	-	2,125
Total Assets	1,134,141	89,884	10,184	1,234,209
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	184,604	-	-	184,604
Unearned Revenue	2,265	-	3,600	5,865
Due to:				
Other Governmental Units	366	275	-	641
Other Funds	10,091	89,609	6,584	106,284
Total Liabilities	197,326	89,884	10,184	297,394
Fund Balances:				
Nonspendable:				
Prepays	2,125	-	-	2,125
Reserved For:				
Capital Outlay	520,844	-	-	520,844
Debt Service	217,652	-	-	217,652
Unassigned	196,194	-	-	196,194
Total Fund Balances	936,815	-	-	936,815
Total Liabilities and Fund Balances	\$ 1,134,141	\$ 89,884	\$ 10,184	\$ 1,234,209

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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 \$ 936,815

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	4,735,549	
Less: accumulated depreciation	<u>(71,099)</u>	4,664,450

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	(5,856,944)
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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>(25,691)</u>

Total Net Position - Governmental Activities

<u><u>\$ (281,370)</u></u>

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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	\$ 8,302	\$ -	\$ -	\$ 8,302
Student Related Income	82,287	22,917	-	105,204
Other Local	38,581	-	-	38,581
Total Local	<u>129,170</u>	<u>22,917</u>	<u>-</u>	<u>152,087</u>
Intergovernmental Sources	<u>975,657</u>	<u>455,270</u>	<u>1,158,684</u>	<u>2,589,611</u>
Total Intergovernmental	<u>975,657</u>	<u>455,270</u>	<u>1,158,684</u>	<u>2,589,611</u>
Total Revenues	<u>1,104,827</u>	<u>478,187</u>	<u>1,158,684</u>	<u>2,741,698</u>
Expenditures				
Current:				
Instruction	1,021,946	255,516	61,462	1,338,924
Support Services	707,919	171,477	-	879,396
Debt Service	314,019	-	-	314,019
Capital Outlay	756,835	78,624	-	835,459
Total Expenditures	<u>2,800,719</u>	<u>505,617</u>	<u>61,462</u>	<u>3,367,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,695,892)</u>	<u>(27,430)</u>	<u>1,097,222</u>	<u>(626,100)</u>
Other Financing Sources (Uses)				
Transfers In	1,097,222	27,430	-	1,124,652
Transfers Out	(27,430)	-	(1,097,222)	(1,124,652)
Other Financing Sources (Uses)	14,700	-	-	14,700
Total Other Financing Sources (Uses)	<u>1,084,492</u>	<u>27,430</u>	<u>(1,097,222)</u>	<u>14,700</u>
Net Change in Fund Balances	<u>(611,400)</u>	<u>-</u>	<u>-</u>	<u>(611,400)</u>
Fund Balances - Beginning of Year	<u>1,548,215</u>	<u>-</u>	<u>-</u>	<u>1,548,215</u>
Fund Balances - End of Year	<u>\$ 936,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,815</u>

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

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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 \$ (611,400)

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	835,459	
Depreciation expense in the current period	<u>(71,099)</u>	764,360

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.	(14,700)
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Principal payments on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.	2,756
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Change in Net Position - Governmental Activities \$ 141,016

Notes to Financial Statements

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

I. Summary of Significant Accounting Policies:

Green Charter School of the Midlands (the School) was created in 2016 through a charter granted by the South Carolina Public Charter School District (SCPCSD). The School began operations in 2017. 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 OF THE MIDLANDS
IRMO, 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 OF THE MIDLANDS
IRMO, 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 OF THE MIDLANDS
IRMO, 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 OF THE MIDLANDS
IRMO, 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 to the Special Revenue Fund from the General Fund in the amount of \$27,430, which represents excess expenses over revenue in the Special Revenue Fund in relation to other special revenue programs for year ended June 30, 2018. In addition, there was a transfer of \$1,097,222 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 \$89,977, which represented amounts due from the SC Charter School District, mainly in relation to Title I funding and the planning and implementation grant.

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 position that does not meet the definition of “restricted” or “Net investment in capital assets”.

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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 OF THE MIDLANDS
IRMO, 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, \$536,308 of the School's bank balances of \$1,036,308 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	\$ 1,911,971	\$ -	\$ -	\$ 1,911,971
Construction in Progress	1,972,325	635,963	(2,602,788)	5,500
Total Capital Assets, Not Being Depreciated	<u>3,884,296</u>	<u>635,963</u>	<u>(2,602,788)</u>	<u>1,917,471</u>
Capital Assets, Being Depreciated				
Building	-	2,602,788	-	2,602,788
Furniture and equipment	15,794	199,496	-	215,290
Total capital assets, being depreciated	<u>15,794</u>	<u>2,802,284</u>	<u>-</u>	<u>2,818,078</u>
Total capital assets, cost	<u>3,900,090</u>	<u>3,438,247</u>	<u>(2,602,788)</u>	<u>4,735,549</u>
Less accumulated depreciation:				
Building	-	55,615	-	55,615
Furniture and equipment	-	15,484	-	15,484
Total accumulated depreciation	<u>-</u>	<u>71,099</u>	<u>-</u>	<u>71,099</u>
Total capital assets, being depreciated, net	<u>15,794</u>	<u>2,731,185</u>	<u>-</u>	<u>2,746,979</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 3,900,090</u>	<u>\$ 3,367,148</u>	<u>\$(2,602,788)</u>	<u>\$ 4,664,450</u>

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

II. Detailed Notes on All Funds (continued):

Depreciation expense of \$3,952 and \$67,147 is charged to instruction and support services, respectively.

C. Long-Term Obligations

Long Term Bonds

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 bond used to finance the purchase and renovation of the School's building and grounds. This Bond was approved by and is the legal obligation of the School.

Summarized below is the School's bond issue, which is outstanding at June 30, 2018:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maximum Annual Debt Service</u>
Governmental Activities:					
Economic Development Revenue Bond, Series 2016A	Finance Purchase and Renovation of New School	\$ 5,655,000	\$ 5,655,000	5.250%	\$ 5,803,444
Economic Development Revenue Bond, Series 2016B	Finance Purchase and Renovation of New School	190,000	190,000	6.000%	144,200
Total Governmental Activities		<u>\$ 5,845,000</u>	<u>\$ 5,845,000</u>		

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:					
Bonds and Capital Leases Payable:					
Bond Payable	\$ 5,845,000	\$ -	\$ -	\$ 5,845,000	\$ -
Total Bonds Payable	<u>\$ 5,845,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,845,000</u>	<u>\$ -</u>

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

II. Detailed Notes on All Funds (continued):

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</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Government</u>
2019	\$ -	\$ 308,288	\$ 308,288	\$ 308,288
2020	-	308,288	308,288	308,288
2021	50,000	306,788	356,788	356,788
2022	5,795,000	152,644	5,947,644	5,947,644
Total	\$5,845,000	\$1,076,008	\$6,921,008	\$ 6,921,008

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 \$2,245,230. The District additionally provides services to the School at fair market value. The School paid the District \$132,312 for these services.

In addition, a sister school instrumental in the start-up of the school exists named GREEN Charter School. Although the District considers these schools as separate entities, a single board presides over both GREEN Charter School and Green Charter School of the Midlands. During fiscal year 2017, GREEN loaned \$160,816 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 Due to Other Governmental Units on the Statement of Net Position.

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.

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

III. Other Information: (continued)

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 will match a percentage of the employee's contributions. 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 \$64,995.

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 OF THE MIDLANDS
IRMO, 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	\$ 7,500	\$ 7,500	\$ 129,170
State	2,012,508	2,012,508	975,657
Total Revenues	<u>2,020,008</u>	<u>2,020,008</u>	<u>1,104,827</u>
Expenditures			
Current:			
Instruction	1,067,485	1,067,485	1,072,504
Support Services	759,126	759,126	1,414,196
Debt Services	-	-	314,019
Total Expenditures	<u>1,826,611</u>	<u>1,826,611</u>	<u>2,800,719</u>
Excess (Deficiency) of Revenues Over Expenditures	193,397	193,397	(1,695,892)
Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,084,492</u>
Net Change In Fund Balance	193,397	193,397	(611,400)
Fund Balances - Beginning of Year	<u>1,548,215</u>	<u>1,548,215</u>	<u>1,548,215</u>
Fund Balances - End of Year	<u><u>\$ 1,741,612</u></u>	<u><u>\$ 1,741,612</u></u>	<u><u>\$ 936,815</u></u>

See accompanying notes to budgetary comparison schedule - general fund.

**GREEN CHARTER SCHOOL OF THE MIDLANDS
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 OF THE MIDLANDS
IRMO, 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	\$ -	\$ 8,302	\$ 8,302
1700 Pupil Activities			
1730 Pupil Organization Membership Dues and Fees	-	7	7
1740 Student Fees	-	15,853	15,853
1790 Other Pupil Activity Income	-	66,427	66,427
1900 Other Revenue from Local Sources			
1920 Contributions & Donations Private Sources	7,500	13,376	5,876
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	25,205	25,205
Total Local Sources	<u>7,500</u>	<u>129,170</u>	<u>121,670</u>
3000 Revenue from State Sources			
3130 Special Programs:			
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	220,608	234,551	13,943
3300 Education Finance Act			
3310 Full-time Programs			
3311 Kindergarten	216,000	90,307	(125,693)
3312 Primary	648,000	254,067	(393,933)
3313 Elementary	648,000	217,426	(430,574)
3316 Speech Handicapped	54,000	41,007	(12,993)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	-	4,304	4,304
3323 Learning Disabilities	44,400	40,803	(3,597)
3330 Miscellaneous EFA Programs:			
3331 Autism	-	6,170	6,170
3332 High Achieving Students	31,500	5,005	(26,495)
3334 Limited English Proficiency	24,000	5,092	(18,908)
3351 Academic Assistance	18,000	9,203	(8,797)
3352 Pupils in Poverty	108,000	65,718	(42,282)
3392 NBC Excess EFA Formula	-	2,004	2,004
Total Revenue from State Sources	<u>2,012,508</u>	<u>975,657</u>	<u>(1,036,851)</u>
Total Revenue All Sources	<u>2,020,008</u>	<u>1,104,827</u>	<u>(915,181)</u>

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

Expenditures	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
400 Supplies and Materials	10,000	3,811	6,189
112 Primary Programs			
100 Salaries	410,000	396,366	13,634
200 Employee Benefits	110,000	103,899	6,101
400 Supplies and Materials	20,000	11,914	8,086
113 Elementary Programs			
100 Salaries	305,850	276,966	28,884
200 Employee Benefits	81,619	77,358	4,261
300 Purchased Services	35,000	139	34,861
400 Supplies and Materials	5,000	62,536	(57,536)
500 Capital Outlay		50,558	(50,558)
114 High School Programs			
400 Supplies and Materials	5,000	1,164	3,836
120 Exceptional Programs			
125 Hearing Handicapped			
300 Purchased Services	20,000	1,380	18,620
126 Speech Handicapped			
400 Supplies and Materials	17,000	4,034	12,966
127 Learning Disabilities			
100 Salaries	40,000	22,406	17,594
200 Employee Benefits	8,016	18,424	(10,408)
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
100 Salaries	-	21,348	(21,348)
200 Employee Benefits	-	1,292	(1,292)
190 Instructional Pupil Activity			
100 Salaries	-	2,811	(2,811)
300 Purchased Services	-	9,660	(9,660)
400 Supplies and Materials	-	6,438	(6,438)
Total Instruction	<u>1,067,485</u>	<u>1,072,504</u>	<u>(5,019)</u>

GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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			
300 Purchased Services	1,000	-	1,000
213 Health Services			
100 Salaries	-	9,590	(9,590)
200 Employee Benefits	-	2,969	(2,969)
300 Purchased Services	12,000	-	12,000
400 Supplies and Materials	-	2,888	(2,888)
214 Psychological Services			
300 Purchased Services	5,000	4,663	337
215 Exceptional Program Services			
100 Salaries	-	2,333	(2,333)
200 Employee Benefits	-	197	(197)
300 Purchased Services	50,000	11,220	38,780
400 Supplies and Materials	-	16	(16)
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries	-	5,648	(5,648)
200 Employee Benefits	-	1,027	(1,027)
300 Purchased Services	-	12,276	(12,276)
222 Library and Media Services			
400 Supplies and Materials	10,000	-	10,000
224 Improv. of Instr. - In-svc and Staff Training			
300 Purchased Services	10,000	3,375	6,625
230 General Administration Services			
231 Board of Education			
300 Purchased Services	5,000	1,055	3,945
318 Audit Fees	8,000	-	8,000
600 Other Objects	19,500	640	18,860
233 School Administration			
100 Salaries	180,000	226,637	(46,637)
200 Employee Benefits	42,982	63,591	(20,609)
300 Purchased Services	5,000	15,650	(10,650)
400 Supplies and Materials	7,500	12,736	(5,236)
500 Capital Outlay	6,000	-	6,000
600 Other Objects	-	14,891	(14,891)
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	10,000	66,009	(56,009)
600 Other Objects	300	1,059	(759)
253 Facilities Acquisition and Construction			
520 Construction Services	-	635,963	(635,963)
530 Improvements Other Than Buildings	-	38,775	(38,775)

GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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	-	19,105	(19,105)
200 Employee Benefits	-	1,579	(1,579)
300 Purchased Services	271,844	88,502	183,342
321 Water	5,000	3,005	1,995
400 Supplies and Materials	-	19,982	(19,982)
470 Energy	50,000	34,877	15,123
600 Other Objects	-	299	(299)
255 Student Transportation			
300 Purchased Services	5,000	-	5,000
258 Security			
300 Purchased Services	-	7,724	(7,724)
500 Capital Outlay	-	31,539	(31,539)
260 Central Support Services			
263 Information Services			
300 Purchased Services	5,000	5,821	(821)
266 Technology and Data Processing Services			
100 Salaries	-	39,575	(39,575)
200 Employee Benefits	-	12,070	(12,070)
300 Purchased Services	50,000	4,200	45,800
400 Supplies and Materials	-	6,076	(6,076)
270 Support Services Pupil Activity			
271 Pupil Services Activities			
400 Supplies and Materials	-	544	(544)
600 Other Objects	-	6,090	(6,090)
Total Support Services	<u>759,126</u>	<u>1,414,196</u>	<u>(655,070)</u>
500 Debt Services			
395 Other Professional and Technical Services	-	2,975	(2,975)
610 Redemption of Principal	-	2,756	(2,756)
620 Interest	-	308,288	(308,288)
Total Debt Services	<u>-</u>	<u>314,019</u>	<u>(314,019)</u>
Total Expenditures	<u>1,826,611</u>	<u>2,800,719</u>	<u>(974,108)</u>
Excess/(Deficiency) of Revenues over Expenditures	193,397	(1,695,892)	(1,889,289)
Other Financing Sources (Uses)			
5400 Proceeds from Long-Term Notes	-	14,700	14,700
Interfund Transfers, From (To) Other Funds			
5230 Transfer from Special Revenue EIA Fund	-	1,097,222	1,097,222
421-710 Transfer to Special Revenue Fund	-	(27,430)	(27,430)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,084,492</u>	<u>1,084,492</u>
Net Change In Fund Balance	193,397	(611,400)	(804,797)
Fund Balances - Beginning of Year	<u>1,548,215</u>	<u>1,548,215</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,741,612</u>	<u>\$ 936,815</u>	<u>\$ (804,797)</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 OF THE MIDLANDS
IRMO, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018**

	Title I	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Revenues					
1000 Revenue from Local Sources					
1600 Food Services					
1610 Lunch Sales to Pupils	\$ -	\$ -	\$ -	\$ 22,917	\$ 22,917
Total Local Sources		-	-	22,917	22,917
3000 Revenue from State Sources					
3100 Restricted State Funding					
3130 Special Programs					
3136 Student Health and Fitness - Nurses	-	-	25,897	-	25,897
3187 Teacher Supplies	-	-	4,950	-	4,950
Total State Sources	-	-	30,847	-	30,847
4000 Revenue from Federal Sources					
4300 Elementary and Secondary Education Act of 1965 (ESEA)					
4310 Title I, Basic State Grant Programs	53,914	-	-	-	53,914
4320 Public Charter School Grants	-	-	-	295,000	295,000
4500 Programs for Children with Disabilities					
4510 Individuals With Disabilities Education Act (IDEA)	-	22,254	-	-	22,254
4900 Other Federal Sources					
4999 Revenue from Other Federal Sources	-	-	-	53,255	53,255
Total Federal Sources	53,914	22,254	-	348,255	424,423
Total Revenue All Sources	53,914	22,254	30,847	371,172	478,187
Expenditures					
100 Instruction					
110 General Instruction					
112 Primary Programs					
400 Supplies and Materials	4,573	-	2,200	33,840	40,613
113 Elementary Programs					
100 Salaries	9,294	-	-	-	9,294
400 Supplies and Materials	33,547	-	2,201	147,332	183,080
120 Exceptional Programs					
127 Learning Disabilities					
100 Salaries	-	22,254	-	-	22,254
400 Supplies and Materials	-	-	275	-	275
Total Instruction	47,414	22,254	4,676	181,172	255,516

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

	Title I	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
200 Support Services					
210 Pupil Services					
213 Health Services					
100 Salaries	-	-	25,897	-	25,897
220 Support Services - Instructional Staff					
221 Improvement of Instruction - Curriculum Development					
100 Salaries	6,500	-	-	-	6,500
230 Support Services - General Administration					
233 School Administration					
400 Supplies and Materials	-	-	-	168	168
250 Finance and Operations Services					
252 Fiscal Services					
300 Purchased Services	-	-	-	28,200	28,200
253 Facilities Acquisition and Construction					
540 Equipment	-	-	-	63,924	63,924
256 Food Service					
400 Supplies and Materials	-	-	-	88,902	88,902
500 Capital Outlay	-	-	-	14,700	14,700
260 Central Support Services					
266 Technology and Data Proc. Svc					
300 Purchased Services	-	-	-	1,800	1,800
400 Supplies and Materials	-	-	274	19,736	20,010
Total Support Services	<u>6,500</u>	<u>-</u>	<u>26,171</u>	<u>217,430</u>	<u>250,101</u>
Total Expenditures	<u>53,914</u>	<u>22,254</u>	<u>30,847</u>	<u>398,602</u>	<u>505,617</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,430)</u>	<u>(27,430)</u>
Other Financing Sources (Uses)					
Transfers From General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,430</u>	<u>27,430</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,430</u>	<u>27,430</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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>
936	3136	Student Health and Fitness - Nurses	\$ 25,897	\$ 25,897	\$ -
917	3187	Teacher Supplies	4,950	4,950	-
	Totals		<u>\$ 30,847</u>	<u>\$ 30,847</u>	<u>\$ -</u>

**GREEN CHARTER SCHOOL OF THE MIDLANDS
IRMO, 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:		
3538 Students At Risk of School Failure	\$	14,060
3550 Teacher Salary Increase		36,346
3555 School Employer Contributions		5,886
3557 Summer Reading Program		1,545
3583 Charter School Funding		1,097,222
3597 Aid to Districts		3,625

Total State Sources		<u>1,158,684</u>
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Total Revenue All Sources		<u>1,158,684</u>
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Expenditures

100 Instruction

110 General Instruction		
112 Primary Programs		
100 Salaries		4,098
113 Elementary Programs		
100 Salaries		51,478
200 Employee Benefits		5,886

Total Instruction		<u>61,462</u>
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Total Expenditures		<u>61,462</u>
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Interfund Transfers, From (To) Other Funds:

420-710 Transfers to General Fund		<u>(1,097,222)</u>
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Total Other Financing Sources (Uses)		<u>(1,097,222)</u>
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Excess (Deficiency) of Revenues over Expenditures		<u>-</u>
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Net Change in Fund Balance		-
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Fund Balances - Beginning of Year		<u>-</u>
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Fund Balances - End of Year	\$	<u><u>-</u></u>
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**GREEN CHARTER SCHOOL OF THE MIDLANDS
 IRMO, 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:				
3526 Refurbishment of K-8 Science Kits	\$ -	\$ -	\$ 1,000	\$ -
3538 Students At Risk of School Failure	14,060	14,060	-	-
3550 Teacher Salary Increase	36,346	36,346	-	-
3555 School Employer Contributions	5,886	5,886	-	-
3557 Summary Reading Program	1,545	1,545	2,502	
3583 Charter School Funding	1,097,222	-	-	1,097,222
3595 EEDA Supplies and Materials	-	-	98	-
3597 Aid to Districts	3,625	3,625	-	-
	<u>3,625</u>	<u>3,625</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,158,684</u>	<u>\$ 61,462</u>	<u>\$ 3,600</u>	<u>\$ 1,097,222</u>

**GREEN CHARTER SCHOOL OF THE MIDLANDS
 IRMO, 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 of the Midlands

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 of the Midlands as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Green Charter School of the Midlands's basic financial statements, and have issued our report thereon dated Green Charter School of the Midlands.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green Charter School of the Midlands'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 of the Midlands's internal control. Accordingly, we do not express an opinion on the effectiveness of Green Charter School of the Midlands'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 of the Midlands'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 OF THE MIDLANDS
IRMO, 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:	_____	Yes	_____ <u>X</u> _____	No
Material weaknesses identified?				
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 \$536,000. 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.