



SHARPE
PATELCPA

CENTRAL CAROLINA ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2024

CENTRAL CAROLINA ACADEMY

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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Carolina Academy
Sanford, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Carolina Academy as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Carolina Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Carolina Academy, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Carolina Academy's basic financial statements. The accompanying budgetary schedules as well as the accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act., are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are 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 19, 2024, on our consideration of Central Carolina Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Carolina Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Carolina Academy's internal control over financial reporting and compliance.

Sharpe Patel PLLC

Raleigh, North Carolina

November 19, 2024

Central Carolina Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2024

As management of Central Carolina Academy (the "School"), we provide these financial statements and this narrative overview and analysis of the School's financial position at June 30, 2024, and its operations for the year then ended. We encourage readers to review the discussion presented herein in conjunction with additional information included in the financial statements and notes, which follow this section.

Financial Highlights

- At the end of the fiscal year, the School's liabilities exceeded its assets by \$1,010,816, resulting in a net position deficit, primarily due to the building lease liability.
- The School's total net position decreased by \$832,215, due to a decline in the net position of governmental activities.
- As of the fiscal year's end, the School's governmental funds reported an ending fund balance of \$411,839, reflecting a decrease of \$142,788 compared to the previous year.
- In its second year of operation, the State-funded Average Daily Membership (ADM) increased by 183, reflecting a growth of 69.6%. The ADM for the 2022-2023 school year was 263, rising to 446 in 2023-2024.
- During this fiscal year, the School's long-term debt increased by \$91,722, totaling \$19,095,675 as of June 30, 2024. This debt is comprised solely of the School's building lease liability.

Overview of the Financial Statements

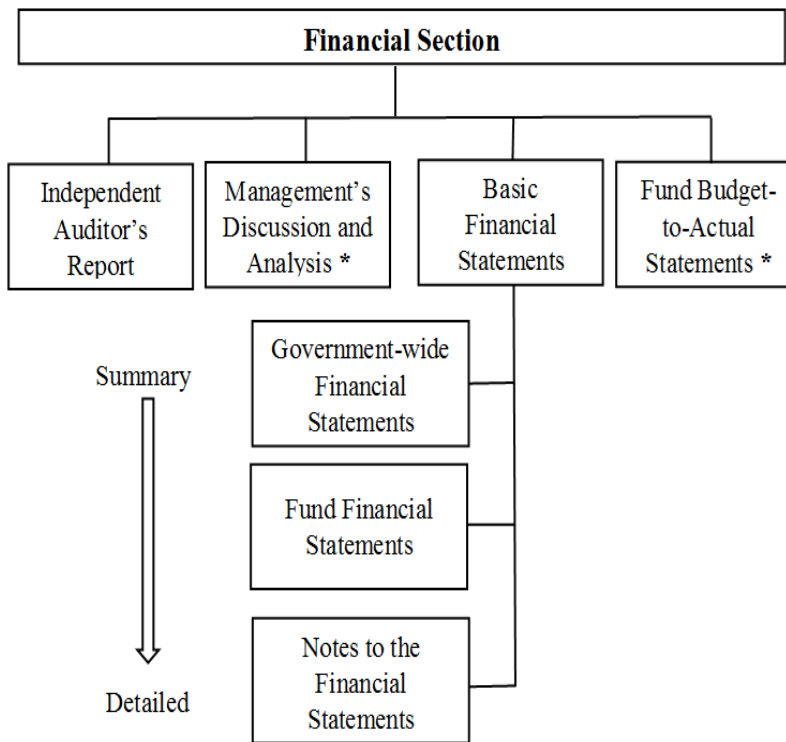
This discussion and analysis is intended to serve as an introduction to Central Carolina Academy's basic financial statements. The School's basic financial statements consist of three components: the government-wide financial statements, the fund financial statements, and the notes to the financial statements. The basic financial statements present two different views of the School through the use of the government-wide statements and the fund financial statements. In addition to the basic financial statements, the annual financial report contains the independent auditor's report, certain required supplementary information and other required schedules that provide additional

information to enhance the reader's understanding of the financial position and activities of the School.

The chart in Figure 1 outlines the relationships of the components of the annual financial report.

Components of Annual Financial Report

Figure 1



* Required Supplementary Information

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School can also 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 a financial statement 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 it has changed. Net position is the difference between the School's total assets minus the total of liabilities plus deferred inflows of resources. 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. State, county, and federal funds provide virtually all the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide. These include the School Food Service and Before/After School Care services offered by the School. The government-wide financial statements are Exhibits 1 and 2 of this report.

The condensed government-wide financial statements are provided in Figures 2 and 3 of this report.

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 that is used to maintain control over resources that have been segregated for specific activities or objectives. Central Carolina Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of the School are governmental funds.

Governmental Funds – Governmental funds are used to account for those 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 what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial

statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Because the budget is not legally required by the statutes, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether the School has succeeded in providing the services as planned when the budget was adopted.

Proprietary Funds – The School has one proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The School uses an enterprise fund to account for its School Food Service functions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Government-Wide Financial Analysis

The financial analysis indicates that as of June 30, 2024, cash and cash equivalents, along with other current assets—primarily prepaid items—represented 2.7% and 0.8% of total government-wide assets, respectively. The School's right-to-use leased assets for its building accounted for 95.6% of total assets. During the 2024 fiscal year, the School invested \$90,250 in school equipment and \$82,165 in two buses, representing 52.3% and 47.7%, respectively, of the total increase in depreciable capital assets for the year. Capital assets, net of accumulated depreciation, constituted 1.0% of total assets, while long-term liabilities made up 98.4% of total liabilities.

As noted earlier, net position serves as a valuable indicator of a school's financial health over time. The School's liabilities exceeded assets by \$1,010,816 as of June 30, 2024. In comparison, the School's net position was \$(178,601) on June 30, 2023. This represents a decrease of \$832,215 for the fiscal year ending June 30, 2024, compared to a decrease of \$179,052 in 2023. This decrease is primarily due to the School's building lease liability.

The net investment in capital assets, which includes equipment, and vehicles, amounts to \$181,180, net of any outstanding related debt. These capital assets are essential for

Management's Discussion and Analysis
Central Carolina Academy
June 30, 2024

delivering services to students and are therefore not available for future spending. Although this investment is reported net of related debt, the resources required to repay that debt must come from other sources, as the capital assets themselves cannot be used to settle these liabilities. The remaining unrestricted net position is \$(1,191,996). In comparison, the net investment in capital assets in 2023 was \$31,902, while the unrestricted net position was \$(210,503).

A condensed statement of net position which summarizes the assets, liabilities, and net position at June 30, 2024 and 2023 is as follows:

Central Carolina Academy's
Condensed Statement of Net Position
Figure 2

	Governmental Activities	
	2024	2023
Assets		
Cash and cash equivalents	\$ 493,600	\$ 485,339
Other current assets	138,078	74,738
Right to use assets, net of amortization	17,491,840	18,238,823
Capital assets, net of depreciation	181,180	31,902
Total assets	18,304,698	18,830,802
Liabilities		
Current and other liabilities	312,938	(86,272)
Long-term liabilities	19,002,576	19,095,675
Total liabilities	19,315,514	19,009,403
Net position		
Net investment in capital assets	181,180	31,902
Unrestricted	(1,191,996)	(210,503)
Total net position	\$ (1,010,816)	\$ (178,601)

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

- The School established an annual budget, which was monitored monthly to assess performance and make necessary adjustments in spending to stay within budgetary limits.
- The School successfully applied for and received several federal grants to support the educational needs of its student population.
- Overall, state and local per pupil funding increased this fiscal year.

Management's Discussion and Analysis
Central Carolina Academy
June 30, 2024

Revenues, expenses, transfers, and the change in net position is summarized in the following condensed statement of activities for the years ended June 30, 2024 and 2023:

Central Carolina Academy's
Condensed Statement of Activities
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Operating grants and contributions	\$ 367,903	\$ 563,161	\$ -	\$ -	\$ 367,903	\$ 563,161
County and state funds	3,980,446	2,354,210	-	-	3,980,446	2,354,210
Donations	86,029	203,000	-	-	86,029	203,000
Miscellaneous, unrestricted	101,107	140,552	-	-	101,107	140,552
Charges for services	-	-	10,841	-	10,841	-
Total revenues	4,535,485	3,260,923	10,841	-	4,546,326	3,260,923
Expenses						
Instructional services	3,579,931	2,367,410	-	-	3,579,931	2,367,410
System-wide support services	797,905	524,192	-	-	797,905	524,192
Interest on long-term debt	956,927	548,373	-	-	956,927	548,373
School food service	-	-	43,778	-	43,778	-
Total expenses	5,334,763	3,439,975	43,778	-	5,378,541	3,439,975
Increase (decrease) in net position before transfers	(799,278)	(179,052)	(32,937)	-	(832,215)	(179,052)
Transfers	(32,937)	-	32,937	-	-	-
Change in net position	(832,215)	(179,052)	-	-	(832,215)	(179,052)
Net position, July 1	(178,601)	451	-	-	(178,601)	451
Net position, June 30	\$ (1,010,816)	\$ (178,601)	\$ -	\$ -	\$ (1,010,816)	\$ (178,601)

Governmental activities: Governmental activities decreased the School's net position by \$799,278, before a transfer of \$32,937 was made to support business-type activities. County and State funds of \$3,980,446 increased by 69.1%, and account for 87.8% of total revenues. Instructional services of \$3,579,931 account for 67.1% of total expenses and increased by 51.2%. Interest on long-term debt of \$956,927 related to the School's building lease increased by 74.5%, and accounts for 17.9% of total expenses.

Business-type activities: Business-type activities consist of the School Food Service program, which recorded an operating loss of \$32,937, before that amount was transferred in from the governmental activities.

By adopting a budget for the enterprise fund that comprises the business-type activities, the Board can monitor the School's revenues and expenditures and adjust their estimates as needed during the year.

Financial Analysis of the School's Funds

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

Governmental Funds. The School's governmental funds primarily focus on providing information about near-term inflows, outflows, and the balances of available financial resources. This information is essential for assessing the School's financing needs. In particular, the unassigned fund balance serves as a valuable indicator of the net resources a government has available for spending at the end of the fiscal year.

The General Fund is the School's main operating fund. At the end of the current fiscal year, the assets in the General Fund were predominantly cash and cash equivalents, making up 78.1% of total fund assets. Accounts payable and accrued wages represented 12.5% and 87.5% of the General Fund's liabilities, respectively. The unassigned fund balance was \$323,404, contributing to a total fund balance of \$411,839, which reflects a decrease of \$142,788. The unassigned fund balance constituted 78.5% of the total fund balance.

The primary revenue source for the General Fund was reimbursements from various counties for their students attending the School, totaling \$835,695, representing 81.7% of General Fund revenue. Additionally, \$3,512,654 was received from the State of North Carolina and the Federal government, accounting for 77.4% of total governmental fund revenue.

General Fund expenditures included \$40,683 for capital outlay (3.3% of total expenditures), along with \$864,148 for instructional-related expenses, \$144,723 for system-wide support services, and \$174,850 for debt service, representing 70.6%, 11.8%, and 14.3% of total expenditures, respectively.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Food Service Fund at the end of the fiscal year was \$0, after a transfer in of \$32,937 was received from the General Fund to cover the operating loss. Other factors concerning the finances of these funds have already been addressed in the discussion of the School's business-type activities.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental activities totals \$181,180 (net of accumulated depreciation), as of June 30, 2024.

The major capital asset transactions during the year consist of the following:

- The purchase of equipment totaling \$90,250; and
- The purchase of two buses totaling \$82,165.

Management's Discussion and Analysis
Central Carolina Academy
June 30, 2024

The following schedule summarizes the School's capital assets as of June 30, 2024 and 2023:

Central Carolina Academy's Capital Assets
(net of depreciation)
Figure 4-A

	Governmental Activities	
	2024	2023
Equipment	\$ 99,780	\$ 27,182
Vehicles	81,400	4,720
Capital assets, net	\$ 181,180	\$ 31,902

The following schedule summarizes the School's right-to-use leased assets as of June 30, 2024 and 2023:

Central Carolina Academy's Right to Use Assets
(net of amortization)
Figure 4-B

	Governmental Activities	
	2024	2023
Leased building	\$ 17,491,840	\$18,238,823
Right to use assets, net	\$ 17,491,840	\$ 18,238,823

Additional information about the School's capital assets, and right to use assets can be found in notes II.A.2. and II.A.3. of the Basic Financial Statements.

Long-term Debt. The School's long-term debt consists solely of its building lease liability, which totals \$19,095,675, as of June 30, 2024, an increase of \$91,722 compared with the prior year.

The School's outstanding debt at June 30, 2024 and 2023 is summarized in the following schedule:

Central Carolina Academy's
Long-Term Obligations
Figure 5

	Governmental Activities	
	2024	2023
Lease liability	\$19,095,675	\$19,003,953
Total long-term obligations	\$ 19,095,675	\$ 19,003,953

Additional information about the School's long-term obligations can be found in note II.B.2. of the Basic Financial Statements.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The School opened in Lee County during the 2022-2023 school year, initially serving students in grades 6-10. For the 2023-2024 school year, it expanded to include grades 6-11 and is on track to graduate its first class in May 2025. The School's Average Daily Membership (ADM) grew by 69.6% in fiscal year 2024, leading to an overall increase in revenue.
- The State of North Carolina has raised its per pupil funding by \$285.29 per ADM compared to last year, reflecting a 4.49% increase.
- The School was awarded grant funds from the NC Advancing Charter Collaboration and Excellence for Student Success program (NC ACCESS), which helps charter schools meet the needs of educationally disadvantaged students. During fiscal year 2024, the School expended \$212,181 in NC ACCESS funds.
- The School also receives additional federal funding to support its educational programs.

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 Board Chair, Central Carolina Academy, 1801 Douglas Drive, Sanford, NC 27330 Telephone (984) 977-9455. Additional information is available at the School's website, <https://centralcarolinaacademy.org>.

CENTRAL CAROLINA ACADEMY
Statement of Net Position
June 30, 2024

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 493,600	\$ -	\$ 493,600
Due from other governments	48,158	-	48,158
Receivables, net	1,485	-	1,485
Prepaid items	63,435	-	63,435
Security deposit	25,000	-	25,000
Total current assets	<u>631,678</u>	<u>-</u>	<u>631,678</u>
Non-current assets:			
Right to use leased assets, net of amortization	17,491,840	-	17,491,840
Capital assets (Note III.A) 2):			
Capital assets, net of depreciation	<u>181,180</u>	<u>-</u>	<u>181,180</u>
Total capital assets	<u>181,180</u>	<u>-</u>	<u>181,180</u>
Total non-current assets	<u>17,673,020</u>	<u>-</u>	<u>17,673,020</u>
Total assets	<u>18,304,698</u>	<u>-</u>	<u>18,304,698</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	27,384	-	27,384
Accrued wages and payroll liabilities	192,455	-	192,455
Current portion of lease liability	<u>93,099</u>	<u>-</u>	<u>93,099</u>
Total current liabilities	<u>312,938</u>	<u>-</u>	<u>312,938</u>
Long-term liabilities:			
Lease liability	<u>19,002,576</u>	<u>-</u>	<u>19,002,576</u>
Total liabilities	<u>19,315,514</u>	<u>-</u>	<u>19,315,514</u>
NET POSITION			
Net investment in capital assets	181,180	-	181,180
Unrestricted	<u>(1,191,996)</u>	<u>-</u>	<u>(1,191,996)</u>
Total net position	<u>\$ (1,010,816)</u>	<u>\$ -</u>	<u>\$ (1,010,816)</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL CAROLINA ACADEMY
Statement of Activities
For the Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instructional services	\$ 3,579,931	\$ -	\$ 355,351	\$ (3,224,580)	\$ -	\$ (3,224,580)
System-wide support services	797,905	-	12,552	(785,353)	-	(785,353)
Community services	-	-	-	-	-	-
Interest on long term debt	956,927	-	-	(956,927)	-	(956,927)
Total governmental activities	<u>5,334,763</u>	<u>-</u>	<u>367,903</u>	<u>(4,966,860)</u>	<u>-</u>	<u>(4,966,860)</u>
Business-type activities:						
School food service	43,778	10,841	-	-	(32,937)	(32,937)
Total business-type activities	<u>43,778</u>	<u>10,841</u>	<u>-</u>	<u>-</u>	<u>(32,937)</u>	<u>(32,937)</u>
Total primary government	<u>\$ 5,378,541</u>	<u>\$ 10,841</u>	<u>\$ 367,903</u>	<u>(4,966,860)</u>	<u>(32,937)</u>	<u>(4,999,797)</u>
General revenues:						
Unrestricted county appropriations				835,695	-	835,695
Unrestricted State appropriations				3,144,751	-	3,144,751
Donations - general				86,029	-	86,029
Miscellaneous, unrestricted				101,107	-	101,107
Transfers				(32,937)	32,937	-
Total general revenues				<u>4,134,645</u>	<u>32,937</u>	<u>4,167,582</u>
Change in net position				(832,215)	-	(832,215)
Beginning net position				<u>(178,601)</u>	<u>-</u>	<u>(178,601)</u>
Ending net position				<u>\$ (1,010,816)</u>	<u>\$ -</u>	<u>\$ (1,010,816)</u>

The accompanying notes to the financial statements are an integral part of these statements

CENTRAL CAROLINA ACADEMY

Exhibit 3

**Balance Sheet
Governmental Funds
June 30, 2024**

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	
ASSETS				
Cash and cash equivalents	\$ 493,600	\$ -	\$ -	\$ 493,600
Due from other governments	48,158	-	-	48,158
Accounts receivable	1,485	-	-	1,485
Prepaid items	63,435	-	-	63,435
Security deposits	25,000	-	-	25,000
Total assets	<u>\$ 631,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,678</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 27,384	\$ -	\$ -	\$ 27,384
Accrued wages and payroll liabilities	192,455	-	-	192,455
Total liabilities	<u>219,839</u>	<u>-</u>	<u>-</u>	<u>219,839</u>
Fund balances:				
Nonspendable:				
Prepaid items	63,435	-	-	63,435
Security deposit	25,000	-	-	25,000
Unassigned	323,404	-	-	323,404
Total fund balances	<u>411,839</u>	<u>-</u>	<u>-</u>	<u>411,839</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 631,678</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	181,180
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds	17,491,840
Lease liabilities are not due and payable in the current period and therefore are not reported in the funds.	(19,095,675)
Net position of governmental activities	<u>\$ (1,010,816)</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL CAROLINA ACADEMY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	Major Funds		Non-Major Fund	Total
	General	State Public School	Federal Grants	Governmental Funds
REVENUES				
State of North Carolina	\$ -	\$ 3,144,751	\$ -	\$ 3,144,751
Boards of Education	835,695	-	-	835,695
U.S. Government	-	-	367,903	367,903
Contributions and donations	86,029	-	-	86,029
Other	101,107	-	-	101,107
Total revenues	1,022,831	3,144,751	367,903	4,535,485
EXPENDITURES				
Current:				
Instructional services	864,148	1,745,181	223,619	2,832,948
System-wide support services	144,723	617,493	12,552	774,768
Capital outlay	40,683	-	131,732	172,415
Debt service:				-
Principal	-	-	-	-
Interest and other charges	174,850	782,077	-	956,927
Total expenditures	1,224,404	3,144,751	367,903	4,737,058
Excess (deficiency) of revenues over expenditures	(201,573)	-	-	(201,573)
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(32,937)	-	-	(32,937)
Proceeds from debt	91,722	-	-	91,722
Total other financing sources (uses)	58,785	-	-	58,785
Net change in fund balance	(142,788)	-	-	(142,788)
Beginning fund balance	554,627	-	-	554,627
Ending fund balance	\$ 411,839	\$ -	\$ -	\$ 411,839

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL CAROLINA ACADEMY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Exhibit 5

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

Net changes in fund balances- total governmental funds	\$ (142,788)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	149,278
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This is the amount by which right to use leased asset capital outlays exceeded amortization in the current period.	(746,983)
--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	<u>(91,722)</u>
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Total change in net position of governmental activities	<u><u>\$ (832,215)</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

**Central Carolina Academy
Statement of Net Position
Proprietary Funds
June 30, 2024**

Exhibit 6

	Enterprise Fund
	Non-Major Fund
	School Food
	Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable	-
Total assets	<u>\$ -</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Total liabilities	<u>-</u>
NET POSITION	
Unrestricted	-
Total net position	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of these statements.

Central Carolina Academy
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

Exhibit 7

	<u>Enterprise Funds</u>
	<u>Non-Major Funds</u>
	<u>School Food</u>
	<u>Service</u>
OPERATING REVENUES	
Food sales	\$ 10,841
Total operating revenues	<u>10,841</u>
OPERATING EXPENSES	
Contracted services	42,076
Non-capitalized equipment	<u>1,702</u>
Total operating expenses	<u>43,778</u>
Operating income (loss)	<u>(32,937)</u>
NONOPERATING REVENUES	
Transfers from other funds	<u>32,937</u>
Total nonoperating revenues	<u>32,937</u>
Change in net position	-
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ -</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

**Central Carolina Academy
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024**

Exhibit 8

	<u>Enterprise Funds</u>
	<u>Non-Major Funds</u>
	<u>School Food</u>
	<u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 10,841
Cash paid for goods and services	(43,778)
Net cash provided (used) by operating activities	<u>(32,937)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	32,937
Net cash provided by noncapital financing activities	<u>32,937</u>
Net increase (decrease) in cash and cash equivalents	-
Balances - beginning of year	<u>-</u>
Balances - end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (32,937)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) decrease in accounts receivables	-
Increase (decrease) in accounts payable	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ (32,937)</u></u>

The accompanying notes to financial statements are an integral part of these statements.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Central Carolina Academy (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities, such as Central Carolina Academy because of the authority of the State Board of Education (the “SBE”) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies.

A) Reporting Entity

Central Carolina Academy is a North Carolina non-profit corporation incorporated in 2020. Pursuant to the provisions of the Charter School Act of 1996 as amended (the “Act”), The School has been approved to operate Central Carolina Academy a public school serving approximately 430 students. The School operates under an approved charter received from the SBE and applied for under the provisions of G.S. 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2026 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

Central Carolina Academy has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

B) Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (“GASB 34”), Central Carolina Academy is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general-purpose governments.

Government-wide Statements: The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following non-major governmental fund:

Federal Grants Fund: The Federal Grants Fund includes appropriations from the Department of Education for current operating needs of the School and is reported as a special revenue fund.

The School reports one non-major enterprise fund, the Food Service fund.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. 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.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

Annual budgets are adopted for all funds, on a School wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2024. All appropriations lapse at year end.

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in local banks, whose accounts are FDIC insured. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Equipment	5
Vehicles	5

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Right to Use Assets

The School has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

6. Compensated Absences

The sick leave policy of the School provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the School has no obligation for accumulated sick leave until it is taken, no accrual for sick leave has been made.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

8. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of two classifications (out of five possible classifications) designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Security deposit – Portion of fund balance that is not an available resource because it represents the year-end balance of the security deposit on the building lease.

Prepaid items – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operating expenses and lease payments for equipment which is not a spendable resource.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

9. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of (\$1,422,655) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities	\$ 205,307
Less accumulated depreciation	(24,127)
Right to use assets used in governmental activities are not financial resources are therefore not reported in the funds (total right to use assets on government-wide statement in governmental activities column).	18,736,811
Less accumulated amortization	(1,244,971)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore not reported in the fund statements:	
Lease liability	(19,095,675)
Total adjustment	<u>\$ (1,422,655)</u>

F) Revenues, Expenditures, and Expenses

1. Funding

Central Carolina Academy is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Lee County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)].

Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. (G.S. 115C-218.105(b)).

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

1. Funding (Continued)

Additionally, Central Carolina Academy receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides. (G.S. 115C-218.105(c)). Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides. For the fiscal year ended June 30, 2024, Central Carolina Academy received funding from Alamance County (\$1,969), Chatham County (\$58,405), Harnett County (\$112,549), Lee County (\$648,450), and Moore County (\$14,322).

Furthermore, Central Carolina Academy has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of (\$689,427) between the two amounts consists of the following elements:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 172,415
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(23,137)
Amortization expense that is recorded on the statement of activities but not in the fund statements.	(746,983)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	-
Total	<u>\$ (689,427)</u>

G) Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2024, the School had deposits with banks with a carrying amount of \$493,600. The bank balance with the financial institutions was \$533,456. Of this balance, \$283,456 was not covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

2. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated				
Equipment	\$ 28,092	\$ 90,250	\$ -	\$ 118,342
Vehicles	4,800	82,165	-	86,965
Total capital assets	<u>32,892</u>	<u>172,415</u>	<u>-</u>	<u>205,307</u>
Less accumulated depreciation for:				
Equipment	910	17,652	-	18,562
Vehicles	80	5,485	-	5,565
Total accumulated depreciation	<u>990</u>	<u>23,137</u>	<u>-</u>	<u>24,127</u>
Governmental activity capital assets, net	<u>\$ 31,902</u>			<u>\$ 181,180</u>

Depreciation expense was charged to governmental functions as follows:

Supporting services	<u>\$ 23,137</u>
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3. Right to Use Leased Assets

The School has recorded a right to use leased asset. The asset is a right to use asset for the school building. The related lease is discussed in the Leases subsection of the Liabilities section of this note. The right to use lease asset is amortized on a straight-line basis over the terms of the related lease.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

3. Right to Use Leased Assets (Continued)

Right to use asset activity for the Primary Government for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased building	\$ 18,736,811	\$ -	\$ -	\$ 18,736,811
Total right to use asset	18,736,811	-	-	18,736,811
Less accumulated amortization for:				
Leased building	497,988	746,983	-	1,244,971
Total accumulated amortization	497,988	746,983	-	1,244,971
Right to use asset, net	<u>\$ 18,238,823</u>			<u>\$ 17,491,840</u>

B) Liabilities

1. Risk Management

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

The School has obtained a major medical insurance policy for its personnel through a commercial insurer. Through the plan, permanent, full-time employees of the School are eligible to receive health care benefits.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and claims have not exceeded coverage in any of the past two fiscal years.

The School has elected not to carry flood insurance because the School is not in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency.

The School carries fidelity bond coverage of \$250,000 for all its employees. The company that performs all the School’s outsourced accounting carries fidelity bond coverage in the amount of \$500,000.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

2. Long-Term Obligations

a) Leases

The School has entered into an agreement to lease a building. The lease agreement qualifies as other than short-term under GASB 87 and therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The School leases a building from GRHH Performance Sanford, LLC under a lease with a term of 25 years originating in November 2022. The terms of the lease are payments of \$37,137 monthly for the first lease year. The lease liability is measured at a discount rate of 5.0%. As a result of the lease, the School has recorded a right to use asset with a net book value of \$17,491,840 at June 30, 2024. The right to use asset is discussed in more detail in the Asset section of the notes to the financial statements.

The future minimum lease obligations and the net present value of these minimum lease payments for the years ending June 30 were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2025	\$ 93,099	\$ 952,995	\$ 1,046,094
2026	148,028	946,906	1,094,934
2027	198,338	938,370	1,136,708
2028	248,211	927,306	1,175,517
2029	292,640	913,857	1,206,497
2030-2034	2,215,756	4,284,530	6,500,286
2035-2039	3,809,316	3,545,162	7,354,478
2040-2044	5,981,326	2,339,590	8,320,916
2045-2049	6,108,961	598,824	6,707,785
	<u>\$ 19,095,675</u>	<u>\$ 15,447,540</u>	<u>\$ 34,543,215</u>

b) Changes in Long-Term Liabilities

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Lease Liability	\$ 19,003,953	\$ 91,722	\$ -	\$ 19,095,675	\$ 93,099
	<u>\$ 19,003,953</u>	<u>\$ 91,722</u>	<u>\$ -</u>	<u>\$ 19,095,675</u>	<u>\$ 93,099</u>

C) Interfund Balances and Activity

During the year ended June 30, 2024, the School transferred a total of \$32,937 from the general fund to the proprietary fund to aid operations.

CENTRAL CAROLINA ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. DETAIL NOTES ON ALL FUNDS (Continued)

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	\$ 411,839
Less:	
Security deposit	(25,000)
Prepaid items	(63,435)
Remaining fund balance	<u>\$ 323,404</u>

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

IV. SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 19, 2024, which is the date the financial statements were available to be issued.

CENTRAL CAROLINA ACADEMY
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Governmental Fund Types
For the Year Ended June 30, 2024

Schedule 1

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina	\$ 3,145,252	\$ 3,144,751	\$ (501)
Boards of Education	835,694	835,695	1
U.S. Government	499,429	367,903	(131,526)
Contributions and donations	86,050	86,029	(21)
Other	101,445	101,107	(338)
Total revenues	<u>4,667,870</u>	<u>4,535,485</u>	<u>(132,385)</u>
EXPENDITURES			
Salaries and wages	2,073,612	2,214,152	(140,540)
Employee benefits	349,683	394,746	(45,063)
Books and supplies	42,938	94,705	(51,767)
Technology	96,825	77,815	19,010
Non-capitalized equipment and leases	25,305	60,849	(35,544)
Contracted student services	71,760	542,295	(470,535)
Staff development	7,100	29,240	(22,140)
Administrative services	308,259	40,693	267,566
Insurances	70,679	35,460	35,219
Rent	865,205	-	865,205
Facilities	190,500	7,389	183,111
Utilities	102,000	92,890	9,110
Transportation and travel	50,550	17,482	33,068
Clubs	6,125	-	6,125
Federal programs	499,429	-	499,429
Total expenditures	<u>4,759,970</u>	<u>3,607,716</u>	<u>1,152,254</u>
Capital outlay	<u>5,000</u>	<u>172,415</u>	<u>(167,415)</u>
Debt service:			
Principal	-	-	-
Interest	-	956,927	(956,927)
Total debt service	<u>-</u>	<u>956,927</u>	<u>(956,927)</u>
Total expenditures	<u>4,764,970</u>	<u>4,737,058</u>	<u>984,839</u>
Other financing sources (uses):			
Transfers in (out)	-	(32,937)	(32,937)
Loan proceeds	-	91,722	91,722
Total other financing sources (uses)	<u>-</u>	<u>58,785</u>	<u>58,785</u>
Appropriated fund balance	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
Excess of revenue over (under) expenditures	<u>\$ 32,900</u>	<u>\$ (142,788)</u>	<u>\$ 781,239</u>

Central Carolina Academy **Schedule 2**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Proprietary Fund Types
For the Year Ended June 30, 2024

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Food sales	\$ 11,000	\$ 10,841	\$ (159)
Total revenues	<u>11,000</u>	<u>10,841</u>	<u>(159)</u>
EXPENDITURES			
Contracted services	42,100	42,076	24
Non-capitalized equipment	1,800	1,702	98
Total expenditures	<u>43,900</u>	<u>43,778</u>	<u>122</u>
Revenues over (under) expenditures	<u>(32,900)</u>	<u>(32,937)</u>	<u>(281)</u>
Other financing sources (uses):			
Transfers from other funds	-	32,937	32,937
Total other financing sources	<u>-</u>	<u>32,937</u>	<u>32,937</u>
Revenues and other sources over (under) expenditures	<u><u>\$ (32,900)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,656</u></u>



**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Central Carolina Academy
Sanford, North Carolina

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Central Carolina Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Carolina Academy's basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Carolina Academy's internal control over financial reporting (internal control) as a basis for designing 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 Central Carolina Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Carolina Academy'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Carolina Academy'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Sharpe Patel PLLC

Raleigh, North Carolina
November 19, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

To the Board of Directors
Central Carolina Academy
Sanford, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Central Carolina Academy's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Central Carolina Academy's major State programs for the year ended June 30, 2024. Central Carolina Academy's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Carolina Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Carolina Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Central Carolina Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Central Carolina Academy's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Carolina Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Carolina Academy's compliance with the requirements of each major State program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Carolina Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Carolina Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Central Carolina Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Sharpe Patel PLLC

Raleigh, North Carolina

November 19, 2024

CENTRAL CAROLINA ACADEMY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes ☒ no

Significant deficiency(s) identified that are
not considered to be material weaknesses? _____ yes ☒ none reported

Noncompliance material to the financial statements noted _____ yes ☒ no

State Awards

Internal control over major State programs:

Material weaknesses identified? _____ yes ☒ no

Significant deficiency(s) identified that are
not considered to be material weaknesses? _____ yes ☒ no

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

Any audit findings disclosed that are required to be reported
in accordance with the State Single Audit
Implementation Act _____ yes ☒ no

Identification of major State programs:

Program Name

State Public School Fund - Charter Schools

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

CENTRAL CAROLINA ACADEMY
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: None

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding: None

CENTRAL CAROLINA ACADEMY
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
FEDERAL GRANTS			
Cash Assistance:			
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction			
COVID-19 Education Stabilization Fund			
IASA Title 1 - LEA Basic Education	84.010A	PRC 050	89,104
IDEA VI-B Handicapped	84.027A	PRC 060	54,618
Improving Teacher Quality	84.367A	PRC 103	2,000
Student Support and Academic Enrichment	84.424	PRC 108	10,000
NC Advancing Charter Collaboration	84.282A	PRC 160	212,181
Total U.S. Department of Education			367,903
Total Federal Assistance			367,903
STATE GRANTS			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund - Charter Schools		PRC 036	3,144,751
Total State Assistance			3,144,751
Total Federal and State Assistance			\$ 3,512,654

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of Central Carolina Academy under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.