

# Tall Pines STEM Academy

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

**TALL PINES STEM ACADEMY**

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**YEAR ENDED JUNE 30, 2019**

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*Independent Auditor's Report*

The Governing Body  
Tall Pines STEM Academy

**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 Tall Pines STEM Academy, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tall Pines STEM Academy's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Tall Pines STEM Academy'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 Tall Pines STEM Academy, as of June 30, 2019, 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.

## **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 Tall Pines STEM Academy'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 October 30, 2019 on our consideration of Tall Pines STEM 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 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 Tall Pines STEM Academy's internal control over financial reporting and compliance.

*Payne, White & Schmutz, CPA, PA*

Payne, White & Schmutz, CPA, PA

October 30, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TALL PINES STEM ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

As management of Tall Pines Stem Academy (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, 2019. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

**FINANCIAL HIGHLIGHTS**

- The assets of the School exceeded its liabilities at the close of the fiscal year by \$64,911 (*net position*), versus \$17,527 in the prior year.
- Governmental activities increased the School's net position by \$47,384, versus a decrease of \$65,481 in the prior year.
- The School's governmental funds reported combined ending fund balances of (\$3,411), versus \$9,661 in the prior year.
- The 2018-2019 headcount was 186 (prior year headcount was 144).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements consist of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements consist of two kinds of statements that present different views of the School. The first two statements are known as the government-wide financial statements that provide both short-term and long-term information about the School's overall financial status in a format similar to that of a regular business. The remaining statements are fund financial statements that focus on individual segments of the School's finances by sources and uses of funds. The government funds statements tell how basic services such as education were financed in the short-term as well as what remains for future spending. Fiduciary funds statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School's budget for the year.

**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. Immediately following the fund financial statements are the Notes to the Financial Statements (the 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 it has 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 include most of the School's basic functions such as instructional services and support services. These functions are funded almost entirely through state, county, and federal educational funds.

The government-wide financial statements are enumerated in pages 7 and 8 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 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 requirements, such as the School's budget, where and when applicable. All of the funds of the School are governmental 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 governmental 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. 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 the 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 13 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as one useful indicator of a School's financial condition. The assets of the School exceeded liabilities by \$64,911 as of June 30, 2019. \$68,322 reflects the School's investment in capital assets (e.g. building, furniture and fixtures, and equipment), less any related debt still outstanding that was issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining net position of (\$3,411) is unrestricted.

**Tall Pines Stem Academy's Condensed Statement of Net Position**

	FY 2019	FY 2018
Current Assets	\$369,967	\$350,568
Capital Assets - Net	68,322	7,866
Total Assets	438,289	358,434
Current Liabilities	373,378	340,907
Total Liabilities	373,378	340,907
Net Investment in Capital Assets	68,322	7,866
Unrestricted	(3,411)	9,661
Total Net Position	\$64,911	\$17,527

Aspects of the School's financial operations negatively influenced the total unrestricted governmental net position:

- Revenues related to the School's General Revenue Programs outpaced the related expenses for these programs.

**Tall Pines Stem Academy's Changes in Net Position**

	FY 2019	FY 2018
Operating Revenues		
County, State, and Federal Funds	\$1,790,998	\$1,426,012
Charges for Services	79,249	-
Non-Operating Revenues		
Interest and Miscellaneous	16,585	18,509
Total Revenue	1,886,832	1,444,521
Operating Expenses		
Instructional Programs	1,551,621	1,258,754
Support Services	287,827	251,248
Total Expense	1,839,448	1,510,002
Increase (Decrease) in Net Position	47,384	(65,481)
Total Net Position, Beginning of Year	17,527	83,008
Total Net Position, End of Year	\$64,911	\$17,527

## **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 (\$3,411).

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets – The School's investment in capital assets for its governmental activities as of June 30, 2019, totals \$68,322 (net of accumulated depreciation). Capital assets include any building, building improvements and equipment.

### **Tall Pines Stem Academy's Capital Assets**

	FY 2019	FY 2018
Capital Assets being Depreciated:		
Buildings and Improvements	\$72,329	\$8,329
Equipment	-	-
Total Capital Assets being Depreciated	72,329	8,329
Less: Accumulated Depreciation	(4,007)	(463)
Total Capital Assets being Depreciated, Net	\$68,322	\$7,866

Additional information about the School's capital assets can be found in Note 3 of the Notes to basic financial statements.

## **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 fund raising.
- The School has a returning staff of professionals that are committed to the School.
- The School continues 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 Principal, Tall Pines Stem Academy, 82 Camp Long Road, Aiken, South Carolina, 29805, telephone number (803) 502-1692.

## GOVERNMENT - WIDE FINANCIAL STATEMENTS

**TALL PINES STEM ACADEMY****STATEMENT OF NET POSITION****JUNE 30, 2019**

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	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>Assets</b>		
Cash	\$ 364,548	\$ 364,548
Due from Other Governmental Units	5,419	5,419
Capital Assets, Net of Depreciation	68,322	68,322
<b>Total Assets</b>	<b>438,289</b>	<b>438,289</b>
<b>Liabilities</b>		
Accounts Payable and Other Current Liabilities	373,378	373,378
<b>Total Liabilities</b>	<b>373,378</b>	<b>373,378</b>
<b>Net Position</b>		
Net Investment in Capital Assets	68,322	68,322
Unrestricted (Deficit)	(3,411)	(3,411)
<b>Total Net Position</b>	<b>\$ 64,911</b>	<b>\$ 64,911</b>

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

## TALL PINES STEM ACADEMY

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

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	\$ 1,551,621	\$ 79,249	\$ -	\$ (1,472,372)	\$ (1,472,372)
Support Services	287,827	-	-	(287,827)	(287,827)
Intergovernmental	-	-	1,790,998	1,790,998	1,790,998
Total Governmental Activities	1,839,448	79,249	1,790,998	30,799	30,799
<b>Total Primary Government</b>	<b>\$ 1,839,448</b>	<b>\$ 79,249</b>	<b>\$ 1,790,998</b>	<b>30,799</b>	<b>30,799</b>
General Revenues:					
Miscellaneous				16,585	16,585
Total General Revenues				16,585	16,585
<b>Change in Net Position</b>				47,384	47,384
<b>Net Position - Beginning of Year</b>				17,527	17,527
<b>Net Position - End of Year</b>				<b>\$ 64,911</b>	<b>\$ 64,911</b>

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

## FUND FINANCIAL STATEMENTS

**TALL PINES STEM ACADEMY**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	<b>General</b>	<b>Special Revenue</b>	<b>Education Improvement Act</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 364,548	\$ -	\$ -	\$ 364,548
Due from:				
Other Funds	5,419	-	-	5,419
Other Governmental Units	-	5,419	-	5,419
<b>Total Assets</b>	<b>\$ 369,967</b>	<b>\$ 5,419</b>	<b>\$ -</b>	<b>\$ 375,386</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	373,378	-	-	373,378
Due to:				
Other Funds	-	5,419	-	5,419
<b>Total Liabilities</b>	<b>373,378</b>	<b>5,419</b>	<b>-</b>	<b>378,797</b>
Fund Balances:				
Unassigned	(3,411)	-	-	(3,411)
<b>Total Fund Balances</b>	<b>(3,411)</b>	<b>-</b>	<b>-</b>	<b>(3,411)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 369,967</b>	<b>\$ 5,419</b>	<b>\$ -</b>	<b>\$ 375,386</b>

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

TALL PINES STEM ACADEMY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2019

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<b>Total Fund Balances - Governmental Funds</b>	\$ (3,411)
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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 as assets in the governmental funds. The cost of the assets was \$72,329 and the accumulated depreciation was \$4,007.

68,322

**Total Net Position - Governmental Activities**

\$ 64,911
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## TALL PINES STEM ACADEMY

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	General	Special Revenue	Education Improvement Act	Total Governmental Funds
<b>Revenues</b>				
Student Fees	\$ 79,249	\$ -	\$ -	\$ 79,249
Other Local	16,585	-	-	16,585
Total Local	95,834	-	-	95,834
Intergovernmental Revenue	15,000	-	-	15,000
State Sources	752,625	96,626	926,747	1,775,998
<b>Total Revenues</b>	863,459	96,626	926,747	1,886,832
<b>Expenditures</b>				
Current:				
Instruction	1,470,543	17,283	60,251	1,548,077
Support Services	208,484	79,343	-	287,827
Capital Outlay	64,000	-	-	64,000
<b>Total Expenditures</b>	1,743,027	96,626	60,251	1,899,904
Excess (Deficiency) of Revenues Over Expenditures	(879,568)	-	866,496	(13,072)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	866,496	-	(866,496)	-
<b>Total Other Financing Sources (Uses)</b>	866,496	-	(866,496)	-
<b>Net Change in Fund Balances</b>	(13,072)	-	-	(13,072)
<b>Fund Balances - Beginning of Year</b>	9,661	-	-	9,661
<b>Fund Balances - End of Year</b>	\$ (3,411)	\$ -	\$ -	\$ (3,411)

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

**TALL PINES STEM ACADEMY**

**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, 2019**

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<b>Net Change in Fund Balances - Governmental Funds</b>	\$ (13,072)
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Amounts reported for the governmental activities in the statement of activities are different because:

The governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$3,544 was exceeded by capital asset additions of \$64,000 in the current period.

60,456
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**Change in Net Position - Governmental Activities**

<u>\$ 47,384</u>
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The accompanying notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

## TALL PINES STEM ACADEMY

### NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Tall Pines STEM Academy (the School) was created in 2014 through a ten year charter granted by the South Carolina Public Charter School District (SCPCSD). The inaugural year for the Tall Pines STEM Academy was 2016-2017. The School is a discretely presented component unit of SCPCSD.

The School's mission is as follows: Tall Pines STEM Academy is to provide an option for families where STEM (Science, Technology, Engineering, and Math) is intertwined in the school's culture and prepares middle school students to become the next generation of ethical leaders. Tall Pines STEM Academy will provide a combination of classroom and outdoor learning experiences to engage students, promote wellness and physical fitness, inspire creativity, foster critical thinking and problem solving skills, and cultivate citizenship and leadership skills through rigorous and relevant content and projects in a natural setting.

In fiscal year 2019, the School consisted of approximately 186 students in grades five through eight.

#### **A. The Reporting Entity**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

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. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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 School does not engage in any material *business-type* activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

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. Non-exchange transactions, in which the School gives or receives value without directly receiving or giving equal value in exchange, includes intergovernmental revenues, grants, and donations. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):****B. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued):**

The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

**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. Intergovernmental revenues, external service reimbursements and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources. Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. When both restricted and unrestricted resources are available for use, it is the School's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the School.

**Governmental Fund Types** are those through which most governmental functions of the School are financed. The School's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The School's only governmental funds and its major funds are as follows:

The **General Fund, a major fund and a budgeted fund**, 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.

The **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.

The **Education Improvement Act 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.

TALL PINES STEM ACADEMY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued):**

The School did not have any non-major funds as of June 30, 2019.

**C. Cash**

The School considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

**D. Receivables and Payables**

During the course of its operations, the School has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund receivable or payables have been recorded.

All trade receivables are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services.

**E. Prepaid Items**

The costs of prepaid items are accounted for using the consumption method (expensed when consumed).

**F. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 40
Equipment	5 - 7

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**G. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

**H. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

**I. 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, 2019 that has been earned but not yet received as of June 30, 2019. The receivable balances totaled \$5,419 at year-end.

**J. Fund Balance**

In accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB #54"), the School classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**J. Fund Balance (continued):**

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority (School Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and for which such assignments are made before the report issuance date. The School Board formally granted the School Administrator the right to make assignments of fund balance for the School.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The School generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the School generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**K. Net Position**

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**L. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

**M. Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

The School is authorized by South Carolina state law to invest in the following types of investments:

- A) Obligations of the United States and agencies thereof;
- B) General obligations of the State of South Carolina, or any of its political units;
- C) Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation (FDIC);
- D) Deposits in Certificates of Deposit where the certificates are collaterally secured by securities of the type described in (A) and (B) above, held by a third party as escrow agent or custodian, or a market value not less than the amount of the Certificate of Deposit so secured, including interest;
- E) The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina state laws);
- F) Repurchase agreements.

At June 30, 2019, the carrying amount of the School's cash was \$364,548 and the bank balance was \$375,970.

Custodial credit risk for deposits - Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to \$250,000 per bank. From time to time during the year, the School may have cash on deposit with banks that exceeds the balance insured by the FDIC.

Custodial credit risk for investments – Custodial credit risk for investments is the risk that, in the event of a bank failure, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit risk for Investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, and obligations of the United States Government and government agencies unconditionally guaranteed by the United States Government. The School has no investment policy that would further restrict its choices.

Interest rate risk for Investments - The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk for Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investments in a single issuer. The School does not have a policy that limits the amount that may be invested in any one issuer.

**TALL PINES STEM ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 3 – CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2019 is as follows (depreciation charged in instruction services):

	<u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Governmental Activities:</b>					
Capital Assets, Being Depreciated					
Building Improvements	\$ 8,329	\$ 64,000	\$ -	\$ -	\$ 72,329
Total capital assets, being depreciated	8,329	64,000	-	-	72,329
Total capital assets, cost	8,329	64,000	-	-	72,329
Less accumulated depreciation:					
Building Improvements	(463)	(3,544)	-	-	(4,007)
Total accumulated depreciation	(463)	(3,544)	-	-	(4,007)
Total capital assets, being depreciated, net	7,866	60,456	-	-	68,322
Total Governmental Activities Capital Assets, Net	<u>\$ 7,866</u>	<u>\$ 60,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,322</u>

**NOTE 4 – INTERFUND ACTIVITY:**

Transfers from and to other funds for the year ended June 30, 2019 consisted of the Education Improvement Act transferring \$866,496 to the General Fund.

**NOTE 5 - 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, 2019 was approximately \$1,816,000. The District additionally provides services to the School at fair market value. The School paid the District \$34,020 for these services.

**NOTE 6 - 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.

**TALL PINES STEM ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

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**NOTE 7 – SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through October 30, 2019, which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTAL INFORMATION

## TALL PINES STEM ACADEMY

## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

	Budgeted Amounts		Actual
	Original	Final	
<b>Revenues</b>			
Local	\$ 14,364	\$ 14,364	\$ 95,834
State	652,198	652,198	752,625
Intergovernmental Revenue	-	-	15,000
<b>Total Revenues</b>	<u>666,562</u>	<u>666,562</u>	<u>863,459</u>
<b>Expenditures</b>			
Current:			
Instruction	1,485,983	1,485,983	1,470,543
Support Services	36,305	36,305	208,484
Capital Outlay	-	-	64,000
<b>Total Expenditures</b>	<u>1,522,288</u>	<u>1,522,288</u>	<u>1,743,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(855,726)</u>	<u>(855,726)</u>	<u>(879,568)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>17,290</u>	<u>17,290</u>	<u>866,496</u>
<b>Total Other Financing Sources (Uses)</b>	<u>17,290</u>	<u>17,290</u>	<u>866,496</u>
Net Change In Fund Balance	(838,436)	(838,436)	(13,072)
<b>Fund Balances - Beginning of Year</b>	<u>9,661</u>	<u>9,661</u>	<u>9,661</u>
<b>Fund Balances - End of Year</b>	<u>\$ (828,775)</u>	<u>\$ (828,775)</u>	<u>\$ (3,411)</u>

See accompanying notes to budgetary comparison schedule - general fund

**TALL PINES STEM ACADEMY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – BASIS OF ACCOUNTING AND BUDGETARY PROCESS:**

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.

## SUPPLEMENTAL INFORMATION

**TALL PINES STEM ACADEMY**

**GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

**YEAR ENDED JUNE 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1700 Pupil Activities			
1790 Other Pupil Activity Income	\$ 14,364	\$ 79,249	\$ 64,885
1900 Other Revenue from Local Sources			
1920 Contributions & Donations Private Sources	-	9,530	9,530
1990 Miscellaneous Local Revenues			
1999 Revenue from Other Local Sources	-	7,055	7,055
<b>Total Local Sources</b>	<b>14,364</b>	<b>95,834</b>	<b>81,470</b>
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governmental Units	-	15,000	15,000
<b>Total Intergovernmental Revenue</b>	<b>-</b>	<b>15,000</b>	<b>15,000</b>
<b>3000 Revenue from State Sources</b>			
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	138,806	153,758	14,952
3300 Education Finance Act			
3310 Full-time Programs			
3313 Elementary	409,295	386,517	(22,778)
3315 Trainable Mentally Handicapped	-	14,276	14,276
3320 Part-time Programs			
3323 Learning Disabilities	43,507	86,046	42,539
3324 Hearing Handicapped	-	19,159	19,159
3325 Visually Handicapped	-	6,386	6,386
3326 Orthopedically Handicapped	-	4,512	4,512
3330 Miscellaneous EFA Programs			
3331 Autism	-	5,939	5,939
3332 High Achieving Students	23,572	23,666	94
3351 Academic Assistance	27,641	31,676	4,035
3352 Pupils in Poverty	9,377	19,945	10,568
3392 NBC Excess EFA Formula	-	745	745
<b>Total Revenue from State Sources</b>	<b>652,198</b>	<b>752,625</b>	<b>100,427</b>
<b>Total Revenue All Sources</b>	<b>666,562</b>	<b>863,459</b>	<b>196,897</b>

**TALL PINES STEM ACADEMY**

**GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

**YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures</b>			
<b>100 Instruction</b>			
110 General Instruction			
113 Elementary Programs			
300 Purchased Services	1,482,658	1,327,736	154,922
400 Supplies and Materials	3,325	142,807	(139,482)
500 Capital Outlay	-	64,000	(64,000)
<b>Total Instruction</b>	<u>1,485,983</u>	<u>1,534,543</u>	<u>(48,560)</u>
<b>200 Support Services</b>			
210 Pupil Services			
213 Health Services			
400 Supplies and Materials	-	82	(82)
215 Exceptional Program Services			
300 Purchased Services	-	15,080	(15,080)
224 Improv. of Instr. - In-svc and Staff Training			
300 Purchased Services	7,980	22,755	(14,775)
230 General Administration Services			
231 Board of Education			
300 Purchased Services	13,000	-	13,000
600 Other Objects	9,000	8,163	837
233 School Administration			
300 Purchased Services	500	38,897	(38,397)
400 Supplies and Materials	2,500	12,616	(10,116)
252 Fiscal Services			
300 Purchased Services	-	36,563	(36,563)
254 Operation and Maintenance of Plant			
300 Purchased Services	-	4,400	(4,400)
400 Supplies and Materials	-	1,978	(1,978)
258 Security			
300 Purchased Services	-	3,027	(3,027)
263 Information Services			
300 Purchased Services	-	539	(539)
264 Staff Services			
400 Supplies and Materials	-	3,054	(3,054)
270 Support Services Pupil Activity			
271 Pupil Services Activities			
600 Other Objects	3,325	61,330	(58,005)
<b>Total Support Services</b>	<u>36,305</u>	<u>208,484</u>	<u>(172,179)</u>

TALL PINES STEM ACADEMY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
YEAR ENDED JUNE 30, 2019

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Total Expenditures</b>	<u>1,522,288</u>	<u>1,743,027</u>	<u>(220,739)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(855,726)</u>	<u>(879,568)</u>	<u>(23,842)</u>
<b>Interfund Transfers, From (To) Other Funds</b>			
5230 Transfer from Special Revenue Fund	17,290	-	(17,290)
5230 Transfer from EIA Fund	<u>849,136</u>	<u>866,496</u>	<u>17,360</u>
<b>Total Other Financing Sources (Uses)</b>	<u>866,426</u>	<u>866,496</u>	<u>70</u>
Net Change In Fund Balance	10,700	(13,072)	(23,772)
<b>Fund Balances - Beginning of Year</b>	<u>9,661</u>	<u>9,661</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 20,361</u>	<u>\$ (3,411)</u>	<u>\$ (23,772)</u>

## TALL PINES STEM ACADEMY

## SPECIAL REVENUE FUND - COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2019

	IDEA	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
<b>Revenues</b>				
<b>3000 Revenue from State Sources</b>				
3100 Restricted State Funding				
3120 General Education				
3136 Student Health and Fitness - Nurses	\$ -	\$ 25,200	\$ -	\$ 25,200
3127 Student Health and Fitness - PE Teachers	-	1,032	-	1,032
3130 Special Programs				
3187 Teacher Supplies	-	3,300	-	3,300
3600 Education Lottery Act Revenue				
3670 School Safety Upgrade	-	48,175	-	48,175
<b>Total State Sources</b>	<b>-</b>	<b>77,707</b>	<b>-</b>	<b>77,707</b>
<b>4000 Revenue from Federal Sources</b>				
4300 Elementary and Secondary Education Act of 1965 (ESEA)				
4351 Improving Teacher Quality	-	-	4,936	4,936
4500 Programs for Children with Disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	13,983	-	-	13,983
<b>Total Federal Sources</b>	<b>13,983</b>	<b>-</b>	<b>4,936</b>	<b>18,919</b>
<b>Total Revenue All Sources</b>	<b>13,983</b>	<b>77,707</b>	<b>4,936</b>	<b>96,626</b>
<b>Expenditures</b>				
<b>100 Instruction</b>				
110 General Instruction				
113 Elementary Programs				
400 Supplies and Materials	-	3,300	-	3,300
127 Learning Disabilities				
300 Purchased Services	13,341	-	-	13,341
400 Supplies and Materials	642	-	-	642
<b>Total Instruction</b>	<b>13,983</b>	<b>3,300</b>	<b>-</b>	<b>17,283</b>
<b>200 Support Services</b>				
210 Pupil Services				
212 Guidance Services				
300 Purchased Services	-	48,175	-	48,175
213 Health Services				
300 Purchased Services	-	24,932	-	24,932
214 Psychological Services				
300 Purchased Services	-	1,300	-	1,300
230 Support Services - General Administration				
233 School Administration				
300 Purchased Services	-	-	2,982	2,982
400 Supplies and Materials	-	-	1,954	1,954
<b>Total Support Services</b>	<b>-</b>	<b>74,407</b>	<b>4,936</b>	<b>79,343</b>
<b>Total Expenditures</b>	<b>13,983</b>	<b>77,707</b>	<b>4,936</b>	<b>96,626</b>
Excess/(Deficiency) of Revenues over Expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers In From General Fund	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TALL PINES STEM ACADEMY

SPECIAL REVENUE FUND - SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2019

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>
916	3187	Teacher Supplies	\$ 3,300	\$ 3,300	\$ -
936	3136	Student Health and Fitness - Nurses	25,200	25,200	-
937	3127	Student Health and Fitness - PE Teachers	1,032	1,032	-
970	3670	School Safety Upgrades	48,175	48,175	-
	<b>Totals</b>		<u>\$ 77,707</u>	<u>\$ 77,707</u>	<u>\$ -</u>

**TALL PINES STEM ACADEMY**

**SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2019**

**Revenues**

**3000 Revenue from State Sources**

3500 Education Improvement Act:

3507 Aid to Districts - Technology	\$ 2,178
3511 Professional Development	9,299
3526 Refurbishment of K-8 Science Kits	1,339
3538 Students At Risk of School Failure	1,384
3550 Teacher Salary Increase	33,758
3555 School Employer Contributions	6,925
3583 Charter School Funding	866,496
3594 EEDA Supplemental Programs	276
3597 Aid to Districts	5,092

**Total State Sources**

926,747

**Total Revenue All Sources**

926,747

**Expenditures**

**100 Instruction**

110 General Instruction

113 Elementary Programs

300 Purchased Services

60,251

**Total Instruction**

60,251

**Total Expenditures**

60,251

**Interfund Transfers, From (To) Other Funds:**

420-710 Transfers to General Fund

(866,496)

**Total Other Financing Sources (Uses)**

(866,496)

Excess (Deficiency) of Revenues over Expenditures

-

Net Change in Fund Balance

-

**Fund Balances - Beginning of Year**

-

**Fund Balances - End of Year**

\$ -

## TALL PINES STEM ACADEMY

## SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT - SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2019

Program			Transfers
	Revenues	Expenditures	Out
3500 Education Improvement Act:			
3507 Aid to Districts - Technology	\$ 2,178	\$ 2,178	\$ -
3511 Professional Development	9,299	9,299	-
3526 Refurbishment of K-8 Science Kits	1,339	1,339	-
3538 Students At Risk of School Failure	1,384	1,384	-
3550 Teacher Salary Increase	33,758	33,758	-
3555 School Employer Contributions	6,925	6,925	-
3583 Charter School Funding	866,496	-	866,496
3594 EEDA Supplemental Programs	276	276	-
3597 Aid to Districts	5,092	5,092	-
<b>Totals</b>	<b>\$ 926,747</b>	<b>\$ 60,251</b>	<b>\$ 866,496</b>

**TALL PINES STEM ACADEMY**

**DETAILED SCHEDULE OF DUE TO SOUTH CAROLINA DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT**

**YEAR ENDED JUNE 30, 2019**

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<b>Program</b>	<b>Grant or Project Number and FY</b>	<b>Revenue &amp; Subfund Codes</b>	<b>Description</b>	<b>Amount Due to SCDE or Federal Government</b>	<b>Status of Amounts Due to Grantors</b>
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No funds are due to state/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  
Tall Pines STEM Academy

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 Tall Pines STEM Academy as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tall Pines STEM Academy's basic financial statements, and have issued our report thereon dated October 30, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Tall Pines STEM Academy'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 Tall Pines STEM Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Tall Pines STEM 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 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 the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs (2019 C.1).

### ***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

October 30, 2019

TALL PINES STEM ACADEMY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2019

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**A. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements were disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements were disclosed during the audit.
4. An instance of noncompliance relating to the financial statements was disclosed during the audit.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None noted.

**C. FINDINGS – COMPLIANCE**

**2019 C.1 – Regulatory and Legal Compliance**

**Noncompliance**

**Condition and Criteria:** At June 30, 2019, the School was under collateralized by approximately \$126,000. 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 is in the process of being addressed.