Riverwalk Academy

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

Rock Hill, South Carolina

ANNUAL FINANCIAL REPORT
June 30, 2026

(With Independent Auditors' Report Thereon)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Annual Financial Report
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MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

The Board of Directors
Riverwalk Academy
Rock Hill, South Carolina

Opinion
We have audited the accompanying financial statements of the governmental activities and each major fund of Riverwalk Academy ("the School"), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Riverwalk Academy at June 30, 2026, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Riverwalk 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 opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverwalk 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Riverwalk 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 Riverwalk 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 and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of Riverwalk Academy. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated September 11, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Riverwalk Academy's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
September 11, 2026

This discussion and analysis of Riverwalk Academy's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2026. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School's annual financial report consists of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information

Government-wide financial statements present the School's financial position and activities as a whole. Fund financial statements provide more detailed information regarding the School's major funds. The notes to the financial statements provide additional information necessary to understand the financial statements. Required supplementary information further enhances the reader's understanding of the financial condition of the School.

FINANCIAL SUMMARY

Key Financial Highlights

Government-Wide Financial Statements
In the Statement of Net Position, the School's liabilities exceeded its assets at the close of the most recent fiscal year by $1,398,211 (net deficit). Of this amount, however, net position of $3,505,423 is restricted related to its debt agreements. Therefore, the School reported an unrestricted net deficit of $4,903,634.

The School's net position decreased by $820,189 during the current fiscal year.

The School's total capital assets, net of accumulated depreciation, were $21,009,386 at year-end.

The School made its scheduled interest and vehicle lease payments during the year, and outstanding long-term debt was $25,960,327 at year-end.

Fund Financial Statements
As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balance of $5,075,244, compared to a fund balance of $5,682,084 in the previous fiscal year.

During the 2026 fiscal year, the School's governmental fund-type revenues were $10,918,211. The School reported governmental fund-type revenues of $10,542,884 in the previous fiscal year.

Overall
The 135-day student count increased by 46, from 746 students in the prior year to 792 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

FINANCIAL SUMMARY, Continued

Condensed Statement of Net Position

	Governmental Activities	
	2026	2025
Assets		
Current and other assets	$ 5,554,133	$ 6,439,110
Capital assets	21,009,386	21,290,164
Total assets	26,563,519	27,729,274
Deferred Outflows of Resources	-	-
Liabilities		
Long-term liabilities	25,960,327	25,953,896
Other liabilities	478,889	757,026
Total liabilities	26,439,216	26,710,922
Deferred Inflows of Resources	1,522,514	1,596,374
Net Position (Deficit)		
Net investment in capital assets	-	-
Restricted net position	3,505,423	4,155,485
Unrestricted net position (deficit)	(4,903,634)	(4,733,507)
Total net position (deficit)	$ (1,398,211)	$ (578,022)

Condensed Statement of Activities

	Governmental Activities	
	2026	2025
Revenues		
Program revenues	$ 10,731,232	$ 9,738,737
General revenues	186,979	510,775
Total revenues	10,918,211	10,249,512
Expenses	11,738,400	9,985,455
Change in net position	$ (820,189)	$ 264,057

DETAILED ANALYSIS

Net Position

The School's government-wide financial position declined during fiscal year 2026, as net position decreased by $820,189, to a deficit net position of $1,398,211. This change was primarily attributable to expenses associated with the School's facility acquisition and financing structure, including increased depreciation on the School's building and related capital assets, and approximately $1.9 million in interest expense on long-term debt issued to finance the facility. While these non-instructional facility-related costs significantly affected the change in net position, ownership of the campus provides the School with long-term operational stability and control of its educational facilities. Management continues to focus on strategic enrollment growth and student retention initiatives to increase revenues and strengthen the School's ability to absorb facility-related costs in future years.

Revenue Analysis

Student enrollment increased from 746 students in 2025 to 792 students in 2026, an increase of 46 students, or 6.2%. Total revenue increased slightly from $10.5 million to $10.9 million during the same period. State revenue increased from $9.3 million to $10.1 million, reflecting continued growth in the School's primary funding source. Student fees and activity revenue also increased from $239,000 to $276,000, indicating modest growth in locally generated revenues. In the previous year, the School reported $498,000 in grant revenue received under a Covid-19 program and reported interest income of $495,000 earned on its cash balances. In the current year, as the School expended its cash balances on its capital project, interest income decreased by $335,000.

The School's State Aid to Classroom revenue per pupil increased from $12,064 in 2025 to $12,451 in 2026, an increase of approximately 3.2%. This increase exceeded the prior year's State Aid to Classroom per pupil growth rate of 3.0%, demonstrating continued improvement in per-student state funding. The increase in per-pupil funding, coupled with higher enrollment, contributed to the growth in overall state revenues.

Expenditure Analysis

Student enrollment increased by 6.2% during 2026, and the School's instructional and support service expenditures increased from $8.6 million to $9.2 million, an increase of approximately 7.6%. This growth slightly exceeded the rate of enrollment growth, indicating that the School invested additional resources in instructional and support operations as enrollment expanded.

Compensation and fringe benefit expenditures increased from $6.5 million to $7.0 million, reflecting the School's largest expenditure category and supporting the additional staffing and personnel costs necessary to serve a larger student population. Debt service expenditures increased from $1.2 million to $1.9 million, reflecting higher interest requirements related to outstanding debt obligations.

Capital expenditures decreased significantly from $10.5 million in 2025 to $428,000 in 2026. The School expended substantial funds on its major facility construction project which was substantially completed during the prior year. While operating expenditures increased in line with enrollment growth, the decrease in capital spending resulted in substantially lower total expenditures compared to the prior year.

Fund Balance Analysis

The School's fund balance decreased from $5.7 million in 2025 to $5.1 million in 2026, a decline of approximately $607,000. The continued capital expenditures of approximately $428,000 needed to fully furnish its new educational facilities exceeded the increase in total revenue and caused the reduction.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets

The School continues to maintain substantial investments in its facilities used to support instructional activities. Its ongoing investments provide the infrastructure necessary to enhance enrollment and educational programming. At the end of 2026, the School had $21,009,386 investment in capital assets, net of accumulated depreciation. The year-end total of capital assets was $23,352,237, with a total accumulated depreciation of $2,342,850. The depreciation expense taken during the year was $709,500, and capital asset additions were $428,723. Significant capital additions included furniture and furnishings, along with IT equipment.

Long-Term Debt

At fiscal year-end, the School had $25,960,327 in long-term debt outstanding. During the 2026 fiscal year, the School made principal payments of $9,092 on its vehicle lease.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

School management is aware of several factors expected to affect future operations of the School:

- The School continues to see community support as evidenced by continued strong enrollment, as its student count increased by 46, from 746 students in the prior year to 792 students in the current year. With the completion of its new middle and high school building, management anticipates continued strong growth in enrollment for 2027. Because state funding is largely based on student enrollment, future enrollment levels will continue to be a significant factor affecting future revenues.

- Management anticipates salary and benefits expenditures to continue increasing as the School responds to competitive labor market conditions affecting educator recruitment and retention. Personnel costs remain the School's largest operating expenditure.

- The state has approved an increase in per-pupil funding levels for fiscal year 2027. Management anticipates this increase will partially offset inflationary pressures affecting salaries, employee benefits, and operating costs.

- The School continues to meet the debt service requirements of its financial arrangements and anticipates further reductions in outstanding debt through scheduled principal repayments during fiscal year 2027.

- Management continues to monitor state funding decisions, inflationary pressures, and facility needs that may affect future operating and capital budgets.

Exhibit A

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,772,476
Restricted cash	3,505,423
Due from other governmental units	68,969
Other receivables	395
Prepaid expenses	206,870
Capital assets	23,352,236
Less accumulated depreciation and amortization	(2,342,850)
Total capital assets, net of depreciation and amortization	21,009,386
Total assets	26,563,519
LIABILITIES	
Accounts payable and accrued expenses	473,265
Revenue collected in advance	4,265
Due to other governmental units	1,359
Long-term liabilities:	
Due within one year	34,510
Due in more than one year	25,925,817
Total liabilities	26,439,216
DEFERRED INFLOWS OF RESOURCES	
Deferred bond refunding gain	1,522,514
Total deferred inflows of resources	1,522,514
NET POSITION (DEFICIT)	
Net investment in capital assets	-
Restricted	3,505,423
Unrestricted net position (deficit)	(4,903,634)
Total net position (deficit)	$ (1,398,211)

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

Exhibit B

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2026

Functions / Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 6,135,187	$ -	$ 5,458,320	$ (676,867)
Support services	3,759,747	-	3,353,460	(406,287)
Interest and other charges	1,843,466	275,195	1,644,257	75,986
Total governmental activities	11,738,400	275,195	10,456,037	(1,007,168)
Total	$ 11,738,400	$ 275,195	$ 10,456,037	(1,007,168)
General revenues:				
Miscellaneous revenue				18,021
Contributions and grants				8,712
Unrestricted investment earnings				160,246
Total general revenues				186,979
Change in net position				(820,189)
Net position, beginning of year				566,160
Restatement of net position, beginning of year				(1,144,182)
Net position (deficit), beginning of year, as restated				(578,022)
Net position (deficit), end of year				$ (1,398,211)

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

Exhibit C

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Revenue	EIA	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,772,476	$ -	$ -	$ 1,772,476
Restricted cash	3,505,423	-	-	3,505,423
Due from other governmental units	-	68,160	809	68,969
Other receivables	395	-	-	395
Due from other funds	68,160	-	2,315	70,475
Prepaid expenses	206,870	-	-	206,870
Total assets	$ 5,553,324	$ 68,160	$ 3,124	$ 5,624,608
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 473,265	$ -	$ -	$ 473,265
Due to other funds	2,315	68,160	-	70,475
Due to other governmental units	-	-	1,359	1,359
Unearned revenue	2,500	-	1,765	4,265
Total liabilities	478,080	68,160	3,124	549,364
Fund balances:				
Restricted	3,505,423	-	-	3,505,423
Nonspendable	206,870	-	-	206,870
Unassigned	1,362,951	-	-	1,362,951
Total fund balances	5,075,244	-0-	-0-	5,075,244
Total liabilities and fund balances	$ 5,553,324	$ 68,160	$ 3,124	$ 5,624,608

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

Exhibit D

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2026

Total fund balance - Governmental Funds	$	5,075,244
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is $23,352,236, and the accumulated depreciation is $2,342,850.		21,009,386
Deferred inflows of resources related to gain on bond refunding are applicable to future periods and, therefore, are not reported in the funds.		(1,522,514)
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(25,960,327)
Net position (deficit) of governmental activities	$	(1,398,211)

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

Exhibit E

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2026

	General	Special Revenue	EIA Fund	Total Governmental Funds
REVENUES				
Local	$ 463,181	$ 79,220	$ -	$ 542,401
State	8,189,404	60,392	1,849,999	10,099,795
Federal	-	276,015	-	276,015
Intergovernmental	-	-	-	-
Total revenues all sources	8,652,585	415,627	1,849,999	10,918,211
EXPENDITURES				
Current:				
Instruction	5,329,037	137,924	132,634	5,599,595
Support services	3,235,184	336,822	45,842	3,617,848
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	9,092	-	-	9,092
Interest and other	1,901,804	-	-	1,901,804
Capital outlay	382,742	13,970	-	396,712
Total expenditures	10,857,859	488,716	178,476	11,525,051
Excess (deficiency) of revenues over expenditures	(2,205,274)	(73,089)	1,671,523	(606,840)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,671,523	73,089	-	1,744,612
Operating transfers out	(73,089)	-	(1,671,523)	(1,744,612)
Total other financing sources (uses)	1,598,434	73,089	(1,671,523)	-
Net changes in fund balance	(606,840)	-0-	-0-	(606,840)
FUND BALANCE, July 1, 2025	5,682,084	-0-	-0-	5,682,084
FUND BALANCE, June 30, 2026	$ 5,075,244	$ -0-	$ -0-	$ 5,075,244

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

Exhibit F

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Total net changes in fund balance - Governmental Funds	$	(606,840)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($709,500) exceeds capital outlays ($428,723) in the period.		(280,777)
Repayment of lease liability principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		9,092
Amortization of deferred gain on bond refunding is recognized over the original remaining life of the refunded bonds in the Statement of Net Position.		73,860
Governmental Funds report the effect of discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount of bond discount amortization in the current period.		(15,524)
Change in net position of governmental activities	$	(820,189)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Riverwalk Academy ("the School") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Riverwalk Academy is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2014. A charter school is an independent public school, governed by an independent Board of Directors ("the Board"). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter. The School operates within the South Carolina Public Charter School District ("the District"). The School serves approximately 790 students from kindergarten through grade twelve in York County, South Carolina.

Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Charter schools may charge for selected additional costs consistent with those permitted by school districts. Because charter schools receive local, state and federal funds they may not charge tuition.

The School is considered a component unit of the South Carolina Public Charter School District. A component unit, although a legally separate entity, is, in substance, part of the District's operations. The School has no component units for which it is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on the School as a whole, except for fiduciary funds, if any. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between Governmental and Business-type Activities of the School.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges paid by the recipient of goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements report detailed information about the School. The focus of Governmental Financial Statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Governmental Funds Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major Governmental Funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

- The Special Revenue Fund accounts for specific revenue sources that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.

- The Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

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

1) Deposits and Investments
The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Bond Debt Service Fund
Monies deposited into this fund are available in the event that monies in the bond interest fund are insufficient to make bond payments when due.

3) Bond Interest Fund
Monies deposited into this fund are used solely for the payment of principal and interest on the bonds as principal and interest payments are due.

4) Bond Project Fund
Monies deposited into this fund are available to be used for project costs.

5) Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-Wide and Fund Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

6) Receivables and Payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On Fund Financial Statements, these receivables and payables are classified as accounts receivable, due from other governmental units, accounts payable or "due from other funds" or "due to other funds." The transactions between funds are eliminated in the Governmental Activities column of the Statement of Net Position.

7) Capital Assets

Capital assets include land, buildings, building improvements, and equipment. Capital assets are defined by the School as assets with an initial individual cost of more than $5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over an estimated useful life of five to forty years.

8) Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the Government-Wide Financial Statements. In general, payables and accrued liabilities that will be paid from Governmental Funds are reported on the Governmental Funds Financial Statements regardless of whether they will be liquidated with current resources. Payments made within 60 days after year end are considered to have been made with current available financial resources.

In the Government-Wide Financial Statements, long-term debt and long-term obligations are reported as liabilities in the applicable Governmental Activities Statement of Net Position. In the Fund Financial Statements, governmental fund types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

9) Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

10) Compensated Absences

Employees earn vacation and sick leave benefits pursuant to School personnel policies. Vacation leave is noncumulative, and employees are not paid for unused vacation days upon termination of employment. Sick leave benefits are nonvesting and are not paid upon termination. Accordingly, no liability for compensated absences has been recognized at year-end because no leave benefits meet the criteria for recognition.

11) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has deferred gains on bond refunding reported in the government-wide Statement of Net Position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

12) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual Governmental Funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. The School has no restricted fund balances in its non-general funds. The School has $3,505,423 restricted under the terms of its bond agreements. Committed fund balance amounts are established by the School Board through motions passed at the Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

Nonspendable Fund Balance - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the School's Board.

Assigned Fund Balance - includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are established by the School's administration.

Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other Governmental Funds, it may be necessary to report a negative unassigned fund balance.

13) Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. . At June 30, 2026, the net outstanding debt exceeded the carrying value of the related assets. The School has presented net investment in capital assets at zero, with the excess of related debt over capital assets reflected in unrestricted net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

14) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

15) Use of Estimates

The preparation of the financial statements in conformity with GAAP as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all Governmental Funds are adopted on the modified accrual basis for accounting, which is consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end, and the School does not employ encumbrance accounting.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without the approval of the School's Board. The legal level of control is at the fund level. The administration has discretionary authority to make transfers between appropriation accounts.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2026, the School's carrying amount of deposits was $5,277,899, and the bank balance was $5,277,899, all of which are Federal Deposit Insurance Corporation ("FDIC") insured or collateralized.

Cash equivalent balances of $2,184,963 at June 30, 2026, are restricted under the terms of a loan agreement for the periodic payment of debt service on such loan. Cash equivalent balances of $970,888 at June 30, 2026, are restricted under the terms of a loan agreement for approved expenditures on the construction project. Cash equivalent balances of $349,572 at June 30, 2026, are restricted under the terms of a loan agreement for other bond uses.

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the School's deposits or investments might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina. The total cash balances are insured by the FDIC up to $250,000 per bank.

The School is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

1) Obligations of the United States and agencies thereof;
2) General obligations of the State of South Carolina or any of its political units;
3) Banks and savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the FDIC;
4) Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest;
5) 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); and
6) Repurchase agreements.

The School does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The School places no limit on the amount the School may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital assets activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,063,000	$ -	$ -	$ 2,063,000
Construction in progress	10,621,826	299,386	(10,621,826)	299,386
	12,684,826	299,386	(10,621,826)	2,362,386
Capital assets, being depreciated:				
Buildings	9,437,000	9,929,005	-	19,366,005
Building improvements	318,763	16,798	-	335,561
Equipment	439,046	805,358	-	1,244,404
	10,194,809	10,751,161	-0-	20,945,970
Less accumulated depreciation for:				
Buildings	1,185,323	521,762	-	1,707,085
Building improvements	203,188	14,579	-	217,767
Equipment	220,705	165,114	-	385,819
	1,609,216	701,455	-0-	2,310,671
Total capital assets being depreciated, net	8,585,593	10,049,706	-0-	18,635,299
Lease assets, being amortized:				
Right of Use Asset - Vehicles	43,880	-	-	43,880
	43,880	-0-	-0-	43,880
Less accumulated amortization for:				
Right of Use Asset - Vehicles	24,135	8,044	-	32,179
	24,135	8,044	-0-	32,179
Total lease assets being amortized, net	19,745	(8,044)	-0-	11,701
Governmental Activities capital assets, net	$ 21,290,164	$ 10,341,048	$ (10,621,826)	$ 21,009,386

Depreciation and amortization expenses of $567,600 and $141,900 were charged to instruction and support services, respectively.

The School follows the guidance of GASB Statement 87 *Leases*. The School has recognized an intangible Right of Use Asset - Vehicles in the amount of $43,880. This asset is being amortized over the remaining term of the related lease.

During the year ended June 30, 2026, the School completed its construction project for its new middle and high school building and placed those assets in service. The facility of approximately 44,000 feet includes classrooms, cafeteria space, a science lab, and other amenities. Amounts included in construction in progress were transferred to the appropriate capital asset accounts.

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Due to/From Other Funds

Interfund balances at June 30, 2026, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	$ 68,160	$ 2,315
Special Revenue Funds:		
Special Projects Fund	-	68,160
Education Improvement Act Fund	2,315	-
	$ 70,475	$ 70,475

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

The General Fund received transfers of $1,671,523 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid. The General Fund transferred funds of $73,089 to the Special Revenue Fund to help offset unfunded mandates.

D. Long-term Obligations

In February 2021, the School borrowed $13,465,000 from South Carolina Jobs - Economic Development Authority ("the Authority") evidenced by a loan agreement. The Authority issued Educational Facilities Revenue Bonds, Series 2021A for $12,685,000 and Series 2021B for $780,000 in connection with this loan agreement. These bonds paid interest semi-annually at 5.125% to 6.500% and were subject to mandatory redemption. The repayment provisions of the loan agreement were identical to the bond requirements. In November 2023, the bonds were redeemed in full as discussed below. Under the terms of the agreement, the bonds were redeemed at a redemption price of 84% of the Series 2021A outstanding principal balance and 95.15% of the Series 2021B outstanding principal balance. The gain on redemption is being amortized over the life of the new bonds using the effective interest method.

In November 2023, the School borrowed $26,270,000 from South Carolina Jobs - Economic Development Authority ("the Authority") evidenced by a loan agreement. The Authority issued Educational Facilities Revenue Bonds, Series 2023A for $25,120,000 and Series 2023B for $1,150,000 in connection with this loan agreement. These bonds pay principal and interest monthly at 7.00% to 8.50% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements. The proceeds of $25,911,196, which included a net bid discount of $358,804, were used as follows: $11,340,797 to refund the outstanding balance of the Series 2021A and Series 2021B Educational Facilities Revenue Bonds; $944,050 for costs of issuance; $9,983,455 for the project fund; $3,642,894 to establish a debt service reserve fund and a capitalized interest fund.

Covenants contained in the loan agreement limit the School's ability to incur additional debt or grant security interests in its assets; require periodic financial reporting; and require the School to maintain minimum levels of net income available for debt service, as defined, in comparison with maximum annual debt service and to maintain a minimum specified working capital ratio. Other customary covenants, representations, conditions, and default provisions for such a loan agreement are present. For the year ended June 30, 2026, the School is in compliance with all debt covenants.

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-term Obligations, Continued

Maturities of the notes outstanding at June 30, 2026, are as follows:

Year Ending June 30	Principal	Interest
2027	$ 25,000	$ 1,891,175
2028	100,000	1,889,050
2029	260,000	1,880,550
2030	285,000	1,872,050
2031	300,000	1,863,550
2032- 2036	1,655,000	9,042,325
2037 - 2041	2,370,000	8,346,175
2042 - 2046	3,335,000	7,390,725
2047 - 2051	4,690,000	6,031,400
2052 - 2056	6,610,000	4,106,225
2057 - 2061	6,640,000	1,355,787
Total	$ 26,270,000	$ 45,669,012

The School follows the guidance of GASB Statement #87 *Leases*. The School has recognized a lease liability relating to a vehicle lease in the amount of $43,880.

Maturities of the lease liabilities outstanding at June 30, 2026, are as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 9,510	$ 270	$ 9,780
2028	812	2	814
Total	$ 10,322	$ 272	$ 10,594

Total interest expense on bonds and lease liabilities for the year ended June 30, 2026 was $1,833,526.

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-term Obligations, Continued

Long-term liability activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2023A Bonds	$ 25,120,000	$ -	$ -	$ 25,120,000	$ -
Series 2023B Bonds	1,150,000	-	-	1,150,000	25,000
Lease obligation - vehicle lease	19,414	-	(9,092)	10,322	9,510
	$ 26,289,414	$ -0-	$ (9,092)	26,280,322	$ 34,510
Discount on bonds issued, net of accumulated amortization				(319,995)	
Total long-term obligations at end of year				$ 25,960,327	
$25,120,000 SC Jobs Economic Development Authority Bonds, issued 2023, due in monthly installments beginning July 2031 through June 2058, with installments ranging from $149,452 to $178,750, including interest ranging from 7% to 7.25%				$ 25,120,000	
$1,150,000 SC Jobs Economic Development Authority Bonds, issued 2023, due in monthly installments beginning July 2026 through June 2032, with installments ranging from $8,145 to $28,817, including interest at 8.5%				1,150,000	
				$ 26,270,000	

E. Lease Obligations and Subscription-Based Information Technology Arrangements

During 2022, the School entered into a lease agreement for a bus for a period of five years through July 2027. The lease required monthly payments of $815The School follows the guidance of GASB Statement #87 *Leases*. The School has analyzed its leases and recognized a Right of Use Asset - Vehicles and a lease liability in the amount of $43,880. The lease liability was calculated using the stated discount rate of 4.5%. The lease contains no variable payment options, residual value guarantees, purchase options, or termination provisions material to the financial statements. Management has evaluated the School's subscription-based information technology arrangements ("SBITAs") in accordance with applicable GASB standards. Management determined that the School's SBITAs are individually and collectively immaterial to the financial statements. Accordingly, no subscription liabilities or subscription assets have been recognized in the accompanying financial statements. Subscription costs were recognized as expenses as incurred during the year.

IV. OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains a $1,000,000 per occurrence general liability policy and a $2,000,000 per occurrence errors and omissions policy with a commercial carrier.

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.

IV. OTHER INFORMATION, Continued

B. Employee Retirement Plan

The School maintains a 403(b) Plan with National Benefit Services ("the Plan"). Employees contribute through payroll deductions to the Plan, and the School matches a percentage of the employees' contributions. These provisions were established by the Board. The School contributed $123,174 to the Plan for the year ended June 30, 2026.

C. Commitments and Contingencies

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

D. Prior Period Adjustment

During the year ended June 30, 2026, the School determined that interest costs totaling $1,144,182 incurred in connection with the construction of its building project had been improperly capitalized during the years ended June 30, 2025 and 2024. In accordance with GASB requirements, interest costs associated with the acquisition or construction of capital assets are not capitalized and should be recognized as expenses in the period incurred.

Accordingly, the School corrected this error by restating beginning net position as of July 1, 2025. The correction reduced capital assets and beginning net position by $1,144,182.

The effect of the prior period adjustment is summarized as follows:

Beginning net position, as previously reported	$	566,160
Correction of error:		
Removal of improperly capitalized interest		(1,144,182)
Beginning net position (deficit), as restated	$	(578,022)
Capital assets, net, as previously reported	$	22,434,346
Correction of error:		
Removal of improperly capitalized interest		(1,144,182)
Capital assets, net, as restated	$	21,290,164

E. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 11, 2026, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2026.

Schedule 1

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Budgetary Comparison Schedule
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Original Budget	Final Budget	Variance	Actual	Variance
REVENUES					
Local	$ 353,500	$ 353,500	$ -	$ 463,181	$ 109,681
State	8,103,769	8,103,769	-	8,189,404	85,635
Federal	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total revenues all sources	8,457,269	8,457,269	-	8,652,585	195,316
EXPENDITURES					
Current:					
Instruction	5,360,714	5,360,714	-	5,386,682	25,968
Support services	3,114,313	3,114,313	-	3,560,281	445,968
Community services	500	500	-	-	(500)
Intergovernmental	-	-	-	-	-
Debt service:					
Redemption of principal	10,000	10,000	-	9,092	(908)
Interest and other	1,556,891	1,556,891	-	1,901,804	344,913
Total expenditures	10,042,418	10,042,418	-	10,857,859	815,441
Excess (deficiency) of revenues over expenditures	(1,585,149)	(1,585,149)	-	(2,205,274)	(620,125)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,675,000	1,675,000	-	1,671,523	(3,477)
Operating transfers out	(75,000)	(75,000)	-	(73,089)	1,911
Total other financing sources (uses)	1,600,000	1,600,000	-	1,598,434	(1,566)
Net change in fund balance	$ 14,851	$ 14,851	$ -0-	$ (606,840)	$ (621,691)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	$ 90,000	$ 160,246	$ 70,246
1700 Pupil activities			
1730 Pupil organization membership dues and fees	-	1,007	1,007
1790 Other pupil activity income	245,000	275,195	30,195
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	-	8,712	8,712
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	18,500	18,021	(479)
Total local sources	353,500	463,181	109,681
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	8,103,769	8,189,404	85,635
Total state sources	8,103,769	8,189,404	85,635
Total revenues all sources	8,457,269	8,652,585	195,316
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	204,753	197,012	7,741
200 Employee benefits	56,223	62,681	(6,458)
400 Supplies and materials	-	1,335	(1,335)
112 Primary programs			
100 Salaries	1,115,844	1,037,879	77,965
200 Employee benefits	306,397	341,939	(35,542)
400 Supplies and materials	-	2,487	(2,487)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
113 Elementary programs			
100 Salaries	$ 1,578,675	$ 1,522,340	$ 56,335
200 Employee benefits	433,120	436,585	(3,465)
300 Purchased services	115,000	133,305	(18,305)
400 Supplies and materials	55,500	43,338	12,162
500 Capital outlay	-	55,181	(55,181)
114 High school programs			
100 Salaries	414,368	433,115	(18,747)
200 Employee benefits	113,780	118,247	(4,467)
300 Purchased services	30,000	26,064	3,936
400 Supplies and materials	55,500	10,211	45,289
500 Capital outlay	-	2,464	(2,464)
115 Career and Technology Education programs			
400 Supplies and materials	2,500	5,998	(3,498)
120 Exceptional programs			
126 Speech handicapped			
300 Purchased services	65,000	71,595	(6,595)
127 Learning disabilities			
100 Salaries	426,485	471,533	(45,048)
200 Employee benefits	117,108	147,138	(30,030)
400 Supplies and materials	10,000	4,537	5,463
129 Coordinated Early Intervening Services (CEIS)			
100 Salaries	69,087	71,293	(2,206)
200 Employee benefits	18,970	28,032	(9,062)
160 Other exceptional programs			
162 Limited english proficiency			
100 Salaries	48,397	42,850	5,547
200 Employee benefits	13,289	23,119	(9,830)
400 Supplies and materials	-	200	(200)
170 Summer school programs			
171 Primary summer school			
100 Salaries	-	19,412	(19,412)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
173 High school summer school			
400 Supplies and materials	$ 500	$ -	$ 500
175 Instructional programs beyond regular school day			
100 Salaries	56,268	22,179	34,089
200 Employee benefits	15,450	4,747	10,703
300 Purchased services	-	360	(360)
400 Supplies and materials	4,500	12,591	(8,091)
180 Adult/continuing education programs			
188 Parenting/family literacy			
400 Supplies and materials	-	2,803	(2,803)
190 Instructional pupil activity			
400 Supplies and materials	8,000	141	7,859
600 Other objects	26,000	33,971	(7,971)
Total instruction	5,360,714	5,386,682	(25,968)
200 Support services			
210 Pupil services			
211 Attendance and social work services			
200 Employee benefits	47,168	39,352	7,816
400 Supplies and materials	500	400	100
212 Guidance services			
100 Salaries	128,880	106,280	22,600
200 Employee benefits	35,389	55	35,334
300 Purchased services	5,500	19,730	(14,230)
213 Health services			
100 Salaries	54,160	48,124	6,036
200 Employee benefits	14,872	15,785	(913)
300 Purchased services	500	-	500
400 Supplies and materials	2,500	1,316	1,184
214 Psychological services			
300 Purchased services	45,000	50,791	(5,791)
215 Exceptional program services			
300 Purchased services	180,000	162,503	17,497

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	$ 138,080	$ 150,629	$ (12,549)
200 Employee benefits	37,915	76,066	(38,151)
300 Purchased services	-	23,939	(23,939)
400 Supplies and materials	1,000	800	200
223 Supervision of special programs			
100 Salaries	42,267	7,961	34,306
200 Employee benefits	19,844	7,795	12,049
224 Improvement of instruction inserv and staff training			
200 Employee benefits	-	106	(106)
300 Purchased services	55,000	69,619	(14,619)
230 General administrative services			
231 Board of education			
300 Purchased services	19,500	18,497	1,003
318 Audit services	13,500	13,500	-
400 Supplies and materials	1,000	8	992
600 Other objects	29,000	22,261	6,739
233 School administration			
100 Salaries	737,291	740,024	(2,733)
200 Employee benefits	202,451	212,402	(9,951)
300 Purchased services	230,000	247,094	(17,094)
400 Supplies and materials	42,000	57,100	(15,100)
500 Capital outlay	2,500	1,698	802
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
300 Purchased services	24,000	16,194	7,806
400 Supplies and materials	8,000	7,402	598
252 Fiscal services			
300 Purchased services	90,515	85,798	4,717
600 Other objects	1,000	604	396
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	299,386	(299,386)
590 Other capital outlay	-	3,165	(3,165)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and maintenance of plant			
100 Salaries	$ -	$ 2,813	$ (2,813)
200 Employee benefits	-	224	(224)
300 Purchased services	344,300	456,169	(111,869)
321 Public util (excl gas, oil, elect & oth heating fuels)	9,200	8,771	429
400 Supplies and materials	20,000	31,906	(11,906)
470 Energy (incl gas, oil, elect & oth heating fuels)	118,000	116,452	1,548
256 Food services			
400 Supplies and materials	-	400	(400)
258 Security			
300 Purchased services	15,000	19,299	(4,299)
260 Central support services			
263 Information services			
300 Purchased services	7,000	10,887	(3,887)
400 Supplies and materials	5,000	2,545	2,455
264 Staff services			
300 Purchased services	1,500	-	1,500
266 Technology and data processing services			
100 Salaries	39,606	35,195	4,411
200 Employee benefits	10,875	12,699	(1,824)
300 Purchased services	40,000	67,701	(27,701)
400 Supplies and materials	13,000	15,103	(2,103)
500 Capital outlay	35,000	15,817	19,183
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	-	98,352	(98,352)
200 Employee benefits	-	4,875	(4,875)
300 Purchased services	105,000	39,668	65,332
400 Supplies and materials	131,500	90,338	41,162
500 Capital outlay	-	5,031	(5,031)
660 Pupil activity	10,000	19,652	(9,652)
Total support services	3,114,313	3,560,281	(445,968)

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
300 Community services			
390 Other community services			
300 Purchased services	$ 500	$ -	$ 500
Total community services	500	-	500
500 Debt services			
610 Redemption of principal	10,000	9,092	908
620 Interest	1,546,891	1,891,863	(344,972)
690 Other objects (includes fees for servicing bonds)	10,000	9,941	59
Total debt services	1,566,891	1,910,896	(344,005)
Total expenditures	10,042,418	10,857,859	(815,441)
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	1,675,000	1,671,523	(3,477)
421-710 Transfer to Special Revenue Fund	(75,000)	(73,089)	1,911
Total other financing sources (uses)	1,600,000	1,598,434	(1,566)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	$ 14,851	(606,840)	$ (621,691)
FUND BALANCE, July 1, 2025		5,682,084	
FUND BALANCE, June 30, 2026		$ 5,075,244	

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Notes to the Required Supplementary Information
June 30, 2026

Budgetary Information

The School adopts an annual operating budget for the General Fund. The budget is prepared on the same basis of accounting used for financial reporting purposes. Budget amendments may be approved by the Board of Directors throughout the fiscal year as circumstances warrant.

The budgetary comparison schedule presents a comparison of the original budget, the final budget, and actual results for the fiscal year ended June 30, 2026.

The budget was not significantly amended during fiscal year 2026. As a result, there were no material differences between the original and the final budget.

Budgetary Highlights

Actual revenues exceeded the final budget by approximately $195,000. Local revenue was higher than budget by $110,000, primarily due to actual pupil activity income and interest earnings exceeding expectations. State revenue was higher than anticipated by $86,000. This was due to actual enrollment being higher by approximately 10 students than the School planned.

Actual expenditures were approximately $815,000 above the final budget. The School expended approximately $715,000 in unbudgeted capital expenditures, as funds became available. These expenditures included continued improvements to its educational furnishings and equipment additions. The School carefully controlled its payroll and related costs and held those expenses below budgeted levels. Certain supplies and purchased services expenses exceeded budget to meet the increased enrollment levels.

The School utilized its higher revenues and careful cost controls to invest significantly in its furnishings and equipment. This increased capital expenditure level resulted in the School’s fund balance decreasing by approximately $622,000 as compared to expectations.

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES								
1000 Revenue from local sources								
1600 Food services								
1610 Lunch sales to pupils	$ -	$ -	$ -	$ -	$ -	$ -	$ 79,220	$ 79,220
Total local sources	-	-	-	-	-	-	79,220	79,220
3000 Revenue from state sources								
3100 Restricted state funding								
3130 Special programs								
3135 Reading coaches	-	-	-	-	-	56,392	-	56,392
3187 Teacher supplies (no carryover)	-	-	-	-	-	4,000	-	4,000
Total state sources	-	-	-	-	-	60,392	-	60,392
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins,Title I-CATE-basic state grants	-	-	-	4,201	-	-	-	4,201
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4310 Title I, Basic State Grant (carryover prov)	104,208	-	-	-	-	-	-	104,208
4351 Supporting effective instruction	-	-	-	-	-	-	34,311	34,311
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	128,859	-	-	-	-	-	128,859

* See Schedule 4 for a listing of LEA subfund codes for each program

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
4900 Other federal sources								
4990 Other federal revenue								
4997 Title IV - SSAE	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,436	$ 4,436
Total federal sources	104,208	128,859	-	4,201	-	-	38,747	276,015
Total revenues all sources	104,208	128,859	-	4,201	-	60,392	117,967	415,627
EXPENDITURES								
100 Instruction								
110 General instruction								
112 Primary programs								
400 Supplies and materials	-	-	-	-	-	4,000	-	4,000
113 Elementary programs								
100 Salaries	41,000	-	-	-	-	-	-	41,000
200 Employee benefits	3,708	-	-	-	-	-	-	3,708
115 Career and Technology Educ programs								
600 Other objects	-	-	-	4,201	-	-	-	4,201
120 Exceptional programs								
127 Learning disabilities								
100 Salaries	7,500	71,079	-	-	-	-	-	78,579
180 Adult/continuing education programs								
188 Parenting/family literacy								
100 Salaries	-	-	-		-	-	4,436	4,436
400 Supplies and materials	2,000	-	-	-	-	-	-	2,000
Total instruction	54,208	71,079	-	4,201	-	4,000	4,436	137,924

* See Schedule 4 for a listing of LEA subfund codes for each program

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
200 Support services								
210 Pupil services								
211 Attendance and social work services								
100 Salaries	$ 37,500	$ -	$ -	$	$ -	$ -	$ -	$ 37,500
200 Employee benefits	5,000	-	-	-	-	-	-	5,000
220 Instructional staff services								
221 Improvement of instr curriculum develop								
100 Salaries	-	-	-		-	56,392	-	56,392
223 Supervision of special programs								
100 Salaries	7,500	57,780	-	-	-	-	-	65,280
224 Improvement of instruction inserv and staff training								
300 Purchased services	-	-	-	-	-	-	33,925	33,925
250 Finance and operations services								
251 Student transport (fed/district mandated)								
300 Purchased services	-	-	-	-	-	-	386	386
256 Food services								
100 Salaries	-	-	-	-	-	-	65,718	65,718
200 Employee benefits	-	-	-	-	-	-	15,016	15,016
300 Purchased services	-	-	-	-	-	-	45,234	45,234
400 Supplies and materials	-	-	-	-	-	-	12,371	12,371
500 Capital outlay	-	-	-	-	-	-	13,970	13,970
Total support services	50,000	57,780	-	-	-	56,392	186,620	350,792
Total expenditures	104,208	128,859	-	4,201	-	60,392	191,056	488,716

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	$ -	$ -	$ -	$ -	$ -	$ -	$ 73,089	$ 73,089
Total other financing sources (uses)	-	-	-	-	-	-	73,089	73,089
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2025	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2026	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Schedule 4

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2026

LEA Subfund Code	Program	Revenue	Revenue Code
OTHER RESTRICTED STATE GRANTS			
935	Reading coaches	$ 56,392	3135
917	Teacher supplies (no carryover)	4,000	3187
		$ 60,392	
OTHER SPECIAL REVENUE PROGRAMS			
802	Lunch sales to pupils	$ 79,220	1610
267	Supporting effective instruction	34,311	4351
210	Title IV - SSAE	4,436	4997
		$ 117,967	

Schedule 5

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2026

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/(Out)	Special Revenue Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
935	3135	Reading coaches	$ 56,392	$ 56,392	$ -	$ -	$ -
917	3187	Teacher supplies (no carryover)	4,000	4,000	-	-	-
			$ 60,392	$ 60,392	$ -0-	$ -0-	$ -0-

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2026

REVENUES		
3000 Revenue from state sources		
3500 Education improvement act		
3503 State aid to classrooms	$	1,671,523
3518 Adoption list of formative assessment		3,270
3526 Refurbishment of science kits		5,110
3529 Career and Technology Education		47,072
3532 National Board salary supplement		15,180
3557 Summer reading program		13,916
3571 CSI and state priority schools		70,000
3577 Teacher supplies (no carryover provision)		21,600
3595 EEDA - supplies and materials		2,328
Total state sources		1,849,999
Total revenues all sources		1,849,999
EXPENDITURES		
100 Instruction		
110 General instruction		
111 Kindergarten programs		
400 Supplies and materials		3,270
112 Primary programs		
100 Salaries		16,782
200 Employee benefits		633
400 Supplies and materials		3,400
113 Elementary programs		
100 Salaries		38,167
400 Supplies and materials		16,910
114 High school programs		
400 Supplies and materials		3,000
115 Career and Technology Education programs		
300 Purchased services		2,460
400 Supplies and materials		44,612
120 Exceptional programs		
127 Learning disabilities		
400 Supplies and materials		3,000

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2026

129 Coordinated Early Intervening Services (CEIS)	
400 Supplies and materials	$ 400
Total instruction	132,634
200 Support services	
210 Pupil services	
212 Guidance services	
100 Salaries	7,500
200 Employee benefits	2,047
400 Supplies and materials	2,328
220 Instructional staff services	
221 Improvement of instruction curriculum development	
100 Salaries	31,833
230 General administrative services	
233 School administration	
100 Salaries	2,134
Total support services	45,842
Total expenditures	178,476
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	(1,671,523)
Total other financing sources (uses)	(1,671,523)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-
FUND BALANCE, July 1, 2025	-0-
FUND BALANCE, June 30, 2026	$ -0-

Schedule 7

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2026

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In(Out)	Other Fund Transfers In(Out)	EIA Fund Unearned
3500 Education Improvement Act					
3503 State aid to classrooms	$ 1,671,523	$ -	$ -	$ (1,671,523)	$ -
3518 Adoption list of formative assessment	3,270	3,270	-	-	-
3526 Refurbishment of science kits	5,110	5,110	-	-	-
3528 Industry certifications/credentials	-	-	-	-	956
3529 Career and Technology Education	47,072	47,072	-	-	809
3532 National Board salary supplement	15,180	15,180	-	-	-
3557 Summer reading program	13,916	13,916	-	-	-
3571 CSI and state priority schools	70,000	70,000	-	-	-
3577 Teacher supplies (no carryover provision)	21,600	21,600	-	-	-
3595 EEDA - supplies and materials	2,328	2,328	-	-	-
TOTALS	$ 1,849,999	$ 178,476	$ -0-	$ (1,671,523)	$ 1,765

Schedule 8

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2026

Program	Grant/Proj Number and FY	Revenue & Subfund Codes	Description	Amount Due to SCDOE/Federal Government	Status of Amounts Due to Grantors
National Board salary supplement	EIA FY25	3532 / 332	Unspent allocation	$ 1,358.70	Unpaid as of 09/11/26
				$ 1,358.70	

Schedule 9

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2026

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	___X___ No
• Significant weakness(es) identified that are not considered to be material weakness(es)?	___X___ Yes	_____ No
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

Section II - Financial Statement/Compliance Findings

2026-01 **Accounting for Interest Costs Associated with Construction Projects**

Condition: During the current year, management determined that interest costs associated with its ongoing construction project had been improperly capitalized in a prior year. Under applicable GASB standards, interest costs incurred in connection with the construction of capital assets should have been expensed as incurred and not capitalized. As a result, capital assets and beginning net position were overstated by $1,144,182, and a prior period adjustment was recorded to correct the error.

Criteria: Management is responsible for establishing and maintaining internal controls to ensure that financial transactions are recorded and reported in accordance with generally accepted accounting principles applicable to governmental entities.

Cause: The School's review procedures over nonroutine accounting transactions did not adequately identify the proper GASB accounting treatment for interest costs associated with construction financing.

Effect: The prior year's financial statements contained a misstatement that required correction through a prior period adjustment. Although the misstatement was material, the deficiency appears limited to a specific technical accounting matter and was not indicative of a broader breakdown in the School's financial reporting processes.

Recommendation: Management should enhance its review procedures for significant and unusual transactions, including consideration of new and existing GASB pronouncements, and consult appropriate accounting resources when accounting for complex transactions.

Response: Management agrees with the recommendation and has implemented additional review procedures concerning significant accounting transactions and GASB compliance matters.

Schedule 10

RIVERWALK ACADEMY
ROCK HILL, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2026

Section I - Financial Statement Findings

None.

Section II - Compliance Findings

None.

MARTIN·SMITH

& COMPANY CPAs

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

Board of Directors
Riverwalk Academy
Rock Hill, South Carolina

We have audited the financial statements of Riverwalk Academy ("the School") as of and for the year ended June 30, 2026, and have issued our report thereon dated September 11, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency. That matter is disclosed on the Schedule of Findings and Responses as Finding 2026-01. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

School's Response to Finding

The School's response to the finding identified in our audit is 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
September 11, 2026