# LIBERTY STEAM CHARTER SCHOOL

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

**SUMTER, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**
**June 30, 2026**

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**(With Independent Auditors' Report Thereon)**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Annual Financial Report**
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**June 30, 2026**

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& COMPANY CPAs

**INDEPENDENT AUDITORS' REPORT**
**ON FINANCIAL STATEMENTS**

Board of Directors
Liberty STEAM Charter School
Sumter, South Carolina

**Opinion**
We have audited the accompanying financial statements of the governmental activities and each major fund of Liberty STEAM Charter School ("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 the School at June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**
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 Liberty STEAM Charter School 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 the School'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.

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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 the School'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 the School'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 is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the 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 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Liberty STEAM Charter School's financial statements. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2* U.S. Code of Federal Regulations *Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, the combining and individual fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Liberty STEAM Charter School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 5, 2026

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This discussion and analysis of Liberty STEAM Charter School'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.

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## FINANCIAL SUMMARY

### Key Financial Highlights

**Government-Wide Financial Statements**
In the Statement of Net Position, the School's assets exceeded liabilities at the close of the most recent fiscal year by $3,945,327 (net position). Of this amount, however, $2,014,586 is invested in capital assets (net of debt) and $193,671 is restricted for the School's food service program. Therefore, the School reported an unrestricted net position of $1,737,070.

The School's net position decreased by $637,642 during the current fiscal year.

The School's total capital assets, net of accumulated depreciation, were $36,512,676 at year-end.

The School borrowed $20,500,748 on a promissory note during the year and used the proceeds, in part, to repay its existing promissory notes of $15,500,000. Outstanding long-term debt was $34,498,090 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 $1,930,740, compared to a fund balance of $1,912,668 in the previous fiscal year.

During the 2026 fiscal year, the School's governmental fund-type revenues were $15,042,321. The School reported governmental fund-type revenues of $12,978,282 in the previous fiscal year.

**Overall**
The 135-day student count increased by 182, from 730 students in the prior year to 912 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 | $ 2,372,031 | $ 2,287,612 |
| Capital assets | 36,512,676 | 28,559,778 |
| Total assets | 38,884,707 | 30,847,390 |
| **Liabilities** | | |
| Long-term liabilities | 34,498,090 | 25,889,478 |
| Other liabilities | 441,290 | 374,943 |
| Total liabilities | 34,939,380 | 26,264,421 |
| **Net Position** | | |
| Net investment in capital assets | 2,014,586 | 2,670,300 |
| Restricted net position | 193,671 | 77,691 |
| Unrestricted net position | 1,737,070 | 1,834,978 |
| Total net position | $ 3,945,327 | $ 4,582,969 |

**Condensed Statement of Activities**

| | Governmental Activities | |
|---|---|---|
| | 2026 | 2025 |
| **Revenues** | | |
| Program revenues | $ 13,293,483 | $ 10,529,894 |
| General revenues | 1,892,118 | 2,448,387 |
| Total revenues | 15,185,601 | 12,978,281 |
| **Expenses** | 15,823,243 | 12,016,687 |
| Change in net position | $ (637,642) | $ 961,594 |

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## DETAILED ANALYSIS

### Net Position

The School's government-wide financial position declined during fiscal year 2026, as net position decreased by $637,642, from $4,582,969 to $3,945,327. The School reported significant increases in revenue, driven by enrollment increases. Its expenses also increased, as it added additional staffing and purchased services to meet the student count growth. The School reported depreciation of approximately $1.4 million on its expanded educational facilities.

### Revenue Analysis

Total revenue increased from $12.8 million in fiscal year 2025 to $14.8 million in fiscal year 2026, an increase of approximately 16.1%. The increase was primarily attributable to enrollment growth from 730 students to 912 students.

State revenue increased from $9.3 million to $11.7 million, or approximately 26.2%, reflecting both higher student enrollment and increased funding generated through South Carolina's student-based funding formula. The School's State Aid to Classroom revenue per pupil increased from $12,037 in fiscal year 2025 to $12,448 in fiscal year 2026.

### Expenditure Analysis

Expenditures for instruction and support services, excluding debt service and capital outlay, increased from $10.8 million in fiscal year 2025 to $12.7 million in fiscal year 2026, an increase of approximately 17.5%. This increase is generally consistent with the School's 24.9% increase in enrollment and reflects the additional personnel, instructional resources, and support services required to serve a larger student population.

Compensation and fringe benefit costs increased from $8.1 million to $9.7 million and continued to represent the School's largest expenditure category. The increase is attributable to additional staffing and related employee costs necessary to support enrollment growth and expanded operations.

The School had $8.0 million in capital expenditures as it made significant improvements to its building. It also repaid $15.5 million in notes payable. It facilitated these expenditures by borrowing $20.5 million under a new promissory note.

### Fund Balance Analysis

The School's fund balance increased slightly from $1,912,668 at June 30, 2026, to $1,930,740 at June 30, 2026. Its General Fund fund balance decreased by $97,908, while its fund balance restricted for its food service program increased by 115,980.

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## 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 $36,512,676 investment in capital assets, net of accumulated depreciation. The year-end total of capital assets was $38,572,256, with a total accumulated depreciation of $2,059,580. The depreciation expense taken during the year was $1,408,700, and capital asset additions were $8,307,088. The School expended $7,794,326 on its improvements to its building during the year. It also invested in technology equipment and furnishings.

### Long-term Debt

At fiscal year-end, the School had $34,498,090 in long-term debt outstanding. During the 2026 fiscal year, the School borrowed $20,500,748 on a promissory note and used the proceeds, in part, to repay its existing promissory notes of $15,500,000.

## 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 strong community support as evidenced by continued outstanding strong enrollment growth, as its student count increased by 182, from 730 students in the prior year to 912 students in the current year. Management anticipates continued measured 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.

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**Exhibit A**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Statement of Net Position**
**June 30, 2026**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 2,256,686 |
| Due from other governmental units | 49,210 |
| Prepaid expenses | 66,135 |
| Capital assets | 38,572,256 |
| Less accumulated depreciation | (2,059,580) |
| Total capital assets, net of depreciation | 36,512,676 |
| Total assets | 38,884,707 |
| **LIABILITIES** | |
| Accounts payable and accrued expenses | 438,333 |
| Deferred revenue | 2,957 |
| Long-term liabilities: | |
| Due within one year | 7,856 |
| Due in more than one year | 34,490,234 |
| Total liabilities | 34,939,380 |
| **NET POSITION** | |
| Net investment in capital assets | 2,014,586 |
| Restricted | 193,671 |
| Unrestricted net position | 1,737,070 |
| Total net position | $ 3,945,327 |

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

**Exhibit B**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | $ 7,997,375 | $ - | $ 6,695,846 | $ (1,301,529) |
| Support services | 5,894,700 | 45,385 | 4,935,371 | (913,944) |
| Interest and other charges | 1,931,168 | - | 1,616,881 | (314,287) |
| Total governmental activities | 15,823,243 | 45,385 | 13,248,098 | (2,529,760) |
| Total | $ 15,823,243 | $ 45,385 | $ 13,248,098 | (2,529,760) |
| General revenues: | | | | |
| Other | | | | 103,365 |
| Unrestricted donations | | | | 1,788,753 |
| Total general revenues | | | | 1,892,118 |
| Change in net position | | | | (637,642) |
| Net position, beginning of year | | | | 4,582,969 |
| Net position, end of year | | | | $ 3,945,327 |

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

**Exhibit C**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Balance Sheet - Governmental Funds**
**June 30, 2026**

| | General | Special Revenue | EIA | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,256,686 | $ - | $ - | $ 2,256,686 |
| Due from other governmental units | - | 49,210 | - | 49,210 |
| Due from other funds | - | 147,418 | - | 147,418 |
| Prepaid expenses | 66,135 | - | - | 66,135 |
| Total assets | $ 2,322,821 | $ 196,628 | $ -0- | $ 2,519,449 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | $ 438,334 | $ - | $ - | $ 438,334 |
| Due to other funds | 147,418 | - | - | 147,418 |
| Unearned income | - | 2,957 | - | 2,957 |
| Total liabilities | 585,752 | 2,957 | -0- | 588,709 |
| Fund balances: | | | | |
| Nonspendable | 66,135 | - | - | 66,135 |
| Restricted | - | 193,671 | - | 193,671 |
| Unassigned | 1,670,934 | - | - | 1,670,934 |
| Total fund balances | 1,737,069 | 193,671 | -0- | 1,930,740 |
| Total liabilities and fund balances | $ 2,322,821 | $ 196,628 | $ -0- | $ 2,519,449 |

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

**Exhibit D**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**
**June 30, 2026**

| | | |
|---|---|---|
| Total fund balance - Governmental Funds | $ | 1,930,740 |
| 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 $38,572,256 and the accumulated depreciation is $2,059,579. | | 36,512,677 |
| Long-term liabilities, including notes and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | (34,498,090) |
| Net position of governmental activities | $ | 3,945,327 |

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

**Exhibit E**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | $ 1,772,170 | $ 212,150 | $ - | $ 1,984,320 |
| State | 9,430,184 | 263,392 | 2,038,797 | 11,732,373 |
| Federal | - | 1,324,128 | - | 1,324,128 |
| Intergovernmental | - | 1,500 | - | 1,500 |
| Total revenues all sources | 11,202,354 | 1,801,170 | 2,038,797 | 15,042,321 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 6,615,835 | 137,588 | 116,038 | 6,869,461 |
| Support services | 4,696,473 | 1,173,515 | - | 5,869,988 |
| Community services | 195,744 | - | - | 195,744 |
| Other charges | 226,861 | - | - | 226,861 |
| Intergovernmental | - | - | - | - |
| Debt services | | | | |
| Redemption of principal | 15,544,672 | - | - | 15,544,672 |
| Interest payments | 1,332,275 | - | - | 1,332,275 |
| Other costs | 176,288 | - | - | 176,288 |
| Capital outlay | 8,009,708 | - | - | 8,009,708 |
| Total expenditures | 36,797,856 | 1,311,103 | 116,038 | 38,224,997 |
| Excess (deficiency) of revenues over expenditures | (25,595,502) | 490,067 | 1,922,759 | (23,182,676) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from long-term notes | 23,200,748 | - | - | 23,200,748 |
| Operating transfers in | 2,309,790 | 12,944 | - | 2,322,734 |
| Operating transfers out | (12,944) | (387,031) | (1,922,759) | (2,322,734) |
| Total other financing sources (uses) | 25,497,594 | (374,087) | (1,922,759) | 23,200,748 |
| Net changes in fund balance | (97,908) | 115,980 | -0- | 18,072 |
| **FUND BALANCE, July 1, 2025** | 1,834,977 | 77,691 | -0- | 1,912,668 |
| **FUND BALANCE, June 30, 2026** | $ 1,737,069 | $ 193,671 | $ -0- | $ 1,930,740 |

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

**Exhibit F**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | $ | 18,072 |
| 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 capital outlay ($8,307,088), less disposals, exceeds depreciation ($1,408,700) in the period. | | 6,898,388 |
| Gain recognized in the Statement of Activities for the remeasurement of lease obligation because of lease modification. | | 143,280 |
| Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. | | (23,200,748) |
| Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | 15,503,366 |
| Change in net position of governmental activities | $ | (637,642) |

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Liberty STEAM Charter School ("the School") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Government 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

Liberty STEAM Charter School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The School began operations in August 2021. The School operates within the South Carolina Public Charter School District ("the District"). The School serves approximately 910 students from kindergarten through grade five in Sumter County, South Carolina.

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.

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 consistent 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.

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## 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 the 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) 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.

#### 3) 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" on the Statement of Net Position. The transactions between funds are eliminated in the Governmental Activities' columns of the Statement of Net Position.

#### 4) Capital Assets

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 fifteen years.

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

#### 5) 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 Fund Financial Statements regardless of whether they will be liquidated with current resources. Payments made within sixty 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.

#### 6) 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.

#### 7) Compensated Absences

Vacation is noncumulative, and employees are not paid for unused vacation days. Sick pay is nonvesting. Due to these policies and other uncertainties, there is no vested or accumulated vacation or sick pay that is expected to be paid after year end.

#### 8) 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 $193,671 in restricted fund balances for its food service operation. Committed fund balance amounts are established by the School's Board through motions passed at the School's Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School's 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.

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

#### 8) Fund Equity, continued

**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.

#### 9) 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. 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.

#### 10) 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.

#### 11) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

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## 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. During the year, the School revised the budget. 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 $2,256,686, all of which was covered by Federal Deposit Insurance Corporation ("FDIC") insurance. The School had no investments at June 30, 2026.

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 to the extent that the same are secured by the Savings Association Insurance 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.

### B. 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 | $ - | $ 147,418 |
| Special Revenue Funds: | | |
| Special Projects Fund | 147,418 | - |
| | $ 147,418 | $ 147,418 |

The General Fund payable is a result of the General Fund owing the Special Revenue Fund for amounts received but not yet expended.

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## III. DETAILED NOTES ON ALL FUNDS, Continued

### B. Due to/From Other Funds, Continued

The General Fund received transfers of $387,031 from the Special Revenue Fund for grants and restricted contributions to be expended in the General Fund in accordance with donor restrictions. The General Fund received transfers of $1,922,759 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid. The General Fund made transfers of $12,944 to the Special Revenue Fund for state assessments received on behalf of that fund.

### C. Capital Assets

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

| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 8,102,705 | $ 7,506,495 | $ (8,102,705) | $ 7,506,495 |
| Total capital assets not being depreciated, net | 8,102,705 | 7,506,495 | (8,102,705) | 7,506,495 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 450,918 | - | - | 450,918 |
| Leasehold improvements | 6,203,177 | 287,832 | 8,102,705 | 14,593,714 |
| Equipment | 850,602 | 131,984 | - | 982,586 |
| Furniture and fixtures | 657,058 | 339,470 | - | 996,528 |
| | 8,161,755 | 759,286 | 8,102,705 | 17,023,746 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 45,188 | 23,424 | - | 68,612 |
| Leasehold improvements | 256,177 | 381,209 | - | 637,386 |
| Equipment | 269,197 | 239,067 | - | 508,264 |
| Furniture and fixtures | 80,318 | 94,739 | - | 175,057 |
| | 650,880 | 738,439 | -0- | 1,389,319 |
| Total capital assets being depreciated, net | 7,510,875 | 20,847 | 8,102,705 | 15,634,427 |
| Lease assets, being amortized: | | | | |
| Right of Use Asset - Building | 13,339,875 | 14,000,708 | (13,339,875) | 14,000,708 |
| Right of Use Asset - Equipment | - | 41,307 | - | 41,307 |
| | 13,339,875 | 14,042,015 | (13,339,875) | 14,042,015 |
| Less accumulated depreciation for: | | | | |
| Right of Use Asset - Building | 393,677 | 664,065 | (393,677) | 664,065 |
| Right of Use Asset - Equipment | - | 6,196 | - | 6,196 |
| | 393,677 | 670,261 | (393,677) | 670,261 |
| Total lease assets being amortized, net | 12,946,198 | 13,371,754 | (12,946,198) | 13,371,754 |
| Governmental Activities capital assets, net | $ 28,559,778 | $ 20,899,096 | $ (12,946,198) | $ 36,512,676 |

Depreciation and amortization expenses of $1,126,960 and $281,740 were charged to instruction and support services, respectively.

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## III. DETAILED NOTES ON ALL FUNDS, Continued

### C. Capital Assets, Continued

During the year ended June 30, 2023, the School began renovation of a leased building and additional construction of its elementary academy building. Completed components have been transferred to leasehold improvement accounts and the remaining cost of the uncompleted portion is included as construction in progress.

As discussed at Note III. F. below, the School follows the guidance of GASB Statement 87 *Leases*. The School had previously recognized an intangible Right of Use Asset - Building in the amount of $1,868,218. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. The School reported the carrying value of its Right of Use Asset – Building at $13,339,875 in recognition of the amended lease terms. In July 2026 the School signed another amendment to this lease which increased the square footage leased and modified the payment terms. As a result of the amendment, the School remeasured the related lease liability and adjusted the associated Right of Use Asset – Building to a balance of $14,000,708. In October August 2025, the School entered into a copier lease agreement and recognized a Right of Use Asset – Equipment in the amount of $41,307. These lease assets are being amortized over the remaining term of the related lease.

### D. Related Party Transactions

In 2019, the School entered into a Memorandum of Agreement ("MOA") with the Quixote Foundation ("Quixote"), a South Carolina non-profit organization. Under the MOA, Quixote agreed to complete the construction, renovation and upfitting of a building to meet the educational needs of the School's students. Quixote would then lease the completed facility to the School for use in carrying out its mission. Quixote may also provide support to the School in strategic planning, financial support of campus programming and staffing, and additional resources to further the mission of the School.

In February 2022, in accordance with the MOA, the School entered into a lease agreement with Quixote for the renovated educational facility. The annual rental cost is established at $1. The lease term is for twenty years ending December 2042, with an option for a twenty-year renewal. During the initial term of the lease, the agreement stipulates that the agreement may be terminated by either party with a one-year notice of termination.

### E. Long-Term Debt

In June 2023, the School entered into a $5,000,000 promissory note agreement with a bank. The note required monthly interest payments, with interest due computed at the Term SOFR rate plus 3.00%, with outstanding principal due November 2025. The $5,000,000 principal balance due on this loan was paid in full in November 2025.

In June 2025, the School modified its promissory note agreement with a bank to increase the amount available to $10,500,000 and extend the term. The note required monthly interest payments, with interest due computed at 5.70%, with outstanding principal due November 2025. The $10,500,000 principal balance due on this loan was paid in full in November 2025.

In November 2025, the School entered into a $25,000,000 promissory note agreement with a bank. The note required monthly interest payments, with interest due computed at 5.19%, with outstanding principal due December 2028. Proceeds of the loan were used to repay the outstanding balances due on the two promissory notes discussed above and to facilitate the School's continued buildout of leasehold improvements at its educational campus. The School owed $20,500,748 on this loan as of June 30, 2026. As a condition of the borrowing, the loan has been cosigned by a member of the School's Board. The board member receives no compensation from the School related to this arrangement. Management believes the financing was obtained under terms substantially more favorable than would otherwise have been available without the participation of the board member. The loan was guaranteed by Quixote.

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## III. DETAILED NOTES ON ALL FUNDS, Continued

### E. Long-Term Debt, Continued

As discussed at Note III. F., the School follows GASB Statement #87 *Leases*. As a result, the School had previously recognized a lease liability relating to its building lease in the amount of $1,868,218. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. The School reported the lease liability at $13,089,478 in recognition of the amended lease. In July 2026 the School signed another amendment to this lease which increased the square footage leased and modified the payment terms. Annual lease payments range from $511,671 for 2027 to $1,366,869. As a result of the amendment, the School remeasured the related lease liability based on the revised lease payments and increased the lease liability to $14,000,708. The corresponding Right of Use Asset – Building was adjusted by the amount of the lease liability remeasurement, adjusted for accumulated amortization. A gain of $143,280 was recognized as a result of the modification.

In August 2025, the School entered into a lease agreement for copier equipment. The term of the lease is sixty months, with monthly rentals of $752.47. The School recognized a lease liability of $41,307.

Interest expense for the current fiscal year was $1,332,274.

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

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 7,856 | $ 777,131 | $ 784,987 |
| 2028 | 259,402 | 693,640 | 953,042 |
| 2029 | 338,810 | 644,733 | 983,543 |
| 2030 | 375,462 | 627,942 | 1,003,404 |
| 2031 | 407,116 | 609,456 | 1,016,572 |
| Five years ended 2036 | 2,677,423 | 2,704,745 | 5,382,168 |
| Five years ended 2041 | 4,023,229 | 1,919,086 | 5,942,315 |
| Five years ended 2046 | 5,794,588 | 766,207 | 6,560,795 |
| Five years ended 2051 | 113,456 | 449 | 113,905 |
| **Total** | $ 13,997,342 | $ 8,743,389 | $ 22,740,731 |

The following is a summary of changes in long-term obligations for the year ended June 30, 2026:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Promissory note | $ 4,800,000 | $ 200,000 | $ (5,000,000) | $ - | $ - |
| Promissory note | 8,000,000 | 2,500,000 | (10,500,000) | - | - |
| Promissory note | - | 20,500,748 | - | 20,500,748 | - |
| Lease liability | 13,089,478 | 952,536 | (44,672) | 13,997,342 | 7,856 |
| Total long-tem obligations | $ 25,889,478 | $ 24,153,284 | $ (15,544,672) | $ 34,498,090 | $ 7,856 |

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## III. DETAILED NOTES ON ALL FUNDS, Continued

### F. Lease Obligations

As discussed above, the School has a lease agreement with Quixote for its educational facility. The annual rental cost is established at $1. The lease term is for twenty years ending December 2042, with an option for a twenty-year renewal. During the initial term of the lease, the agreement stipulates that the agreement may be terminated by either party with a one-year notice of termination. For the year ended June 30, 2026, in-kind contribution revenue and expense of $396,000, representing the fair market value of the lease, was recorded for the use of the facility.

As discussed at Note III. F., the School follows GASB Statement #87 *Leases*. As a result, the School had previously recognized a lease liability relating to its building lease in the amount of $1,868,218. In August 2024 the School entered into an amended lease of its building. The amended lease increased the square footage leased and extended the term through July 2046. The School reported the lease liability at $13,089,478 in recognition of the amended lease. In July 2026 the School signed another amendment to this lease which increased the square footage leased and modified the payment terms. Annual lease payments range from $511,671 for 2027 to $1,366,869. As a result of the amendment, the School remeasured the related lease liability based on the revised lease payments and increased the lease liability to $14,000,708. The corresponding Right of Use Asset – Building was adjusted by the amount of the lease liability remeasurement, adjusted for accumulated amortization. A gain of $143,280 was recognized as a result of the modification.

In August 2025, the School entered into a lease agreement for copier equipment. The term of the lease is sixty months, with monthly rentals of $752.47. The School recognized a lease liability of $41,307.

## 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.

### B. Employee Retirement Plan

The School maintains a 403(b) Plan ("the Plan"). Employees contribute through payroll deductions to the Plan, and the School may match a percentage of the employee's contributions. These provisions were established by the Board. The School contributed $204,642 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. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 5, 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.

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**Schedule 1**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | $ 1,498,148 | $ 1,498,148 | $ - | $ 1,772,170 | $ 274,022 |
| State | 10,803,944 | 10,803,944 | - | 9,430,184 | (1,373,760) |
| Federal | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Total revenues all sources | 12,302,092 | 12,302,092 | - | 11,202,354 | (1,099,738) |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Instruction | 6,117,570 | 6,117,570 | - | 6,616,787 | 499,217 |
| Support services | 4,654,926 | 4,654,926 | - | 12,705,229 | 8,050,303 |
| Community services | 435,020 | 435,020 | - | 195,744 | (239,276) |
| Other charges | - | - | - | 226,861 | 226,861 |
| Intergovernmental | - | - | - | - | - |
| Debt service: | | | | | |
| Redemption of principal | - | - | - | 15,544,672 | 15,544,672 |
| Interest and other | 855,000 | 855,000 | - | 1,508,563 | 653,563 |
| Total expenditures | 12,062,516 | 12,062,516 | - | 36,797,856 | 24,735,340 |
| Excess (deficiency) of revenues over expenditures | 239,576 | 239,576 | - | (25,595,502) | (25,835,078) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Proceeds from long-term notes | - | - | - | 23,200,748 | 23,200,748 |
| Operating transfers in | - | - | - | 2,309,790 | 2,309,790 |
| Operating transfers out | - | - | - | (12,944) | (12,944) |
| Total other financing sources (uses) | - | - | - | 25,497,594 | 25,497,594 |
| **Net change in fund balance** | $ 239,576 | $ 239,576 | $ -0- | $ (97,908) | $ (337,484) |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | | | |
| 1700 Pupil activities | | | |
| 1790 Other pupil activity income | $ 22,847 | $ 45,384 | $ 22,537 |
| 1900 Other revenue from local sources | | | |
| 1920 Contributions and donations from private sources | 1,475,301 | 1,604,722 | 129,421 |
| 1950 Refund of prior year's expenditures | - | 103,365 | 103,365 |
| 1990 Miscellaneous local revenue | | | |
| 1993 Receipt of insurance proceeds | - | 14,405 | 14,405 |
| 1999 Revenue from other local sources | - | 4,294 | 4,294 |
| Total local sources | 1,498,148 | 1,772,170 | 274,022 |
| 3000 Revenue from state sources | | | |
| 3100 Restricted state funding | | | |
| 3103 State aid to classrooms | 10,803,944 | 9,430,184 | (1,373,760) |
| Total state sources | 10,803,944 | 9,430,184 | (1,373,760) |
| Total revenues all sources | 12,302,092 | 11,202,354 | (1,099,738) |
| **EXPENDITURES** | | | |
| 100 Instruction | | | |
| 110 General instruction | | | |
| 111 Kindergarten programs | | | |
| 100 Salaries | 496,283 | 540,358 | (44,075) |
| 200 Employee benefits | 121,816 | 123,169 | (1,353) |
| 300 Purchased services | 1,681 | 1,721 | (40) |
| 400 Supplies and materials | 10,933 | 20,056 | (9,123) |
| 112 Primary programs | | | |
| 100 Salaries | 2,343,383 | 2,551,498 | (208,115) |
| 200 Employee benefits | 583,922 | 590,409 | (6,487) |
| 300 Purchased services | 27,595 | 28,249 | (654) |
| 400 Supplies and materials | 17,360 | 31,845 | (14,485) |
| 500 Capital outlays | - | 270 | (270) |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | $ 1,189,215 | $ 1,294,829 | $ (105,614) |
| 200 Employee benefits | 292,146 | 295,392 | (3,246) |
| 300 Purchased services | 123,372 | 126,298 | (2,926) |
| 400 Supplies and materials | 40,718 | 74,693 | (33,975) |
| 500 Capital outlays | - | 682 | (682) |
| 120 Exceptional programs | | | |
| 127 Learning disabilities | | | |
| 100 Salaries | 589,887 | 642,275 | (52,388) |
| 200 Employee benefits | 157,131 | 158,877 | (1,746) |
| 300 Purchased services | 23,329 | 23,882 | (553) |
| 400 Supplies and materials | 8,180 | 15,006 | (6,826) |
| 140 Special programs | | | |
| 141 Gifted and talented academic | | | |
| 100 Salaries | 72,753 | 79,214 | (6,461) |
| 200 Employee benefits | 17,866 | 18,064 | (198) |
| Total instruction | 6,117,570 | 6,616,787 | (499,217) |
| 200 Support services | | | |
| 210 Pupil services | | | |
| 213 Health services | | | |
| 100 Salaries | 65,268 | 126,295 | (61,027) |
| 200 Employee benefits | 15,632 | 28,797 | (13,165) |
| 400 Supplies and materials | 5,000 | 3,042 | 1,958 |
| 215 Exceptional program services | | | |
| 300 Purchased services | 5,000 | 1,200 | 3,800 |
| 220 Instructional staff services | | | |
| 221 Improvement of instruction curriculum development | | | |
| 100 Salaries | 457,454 | 885,186 | (427,732) |
| 200 Employee benefits | 115,048 | 211,938 | (96,890) |
| 224 Improvement of instruction inserv and staff training | | | |
| 300 Purchased services | - | 49,242 | (49,242) |
| 400 Supplies and materials | 15,000 | 12,654 | 2,346 |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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) |
|---|---|---|---|
| 230 General administrative services | | | |
| 231 Board of education | | | |
| 300 Purchased services | $ 20,000 | $ 18,314 | $ 1,686 |
| 318 Audit services | 10,500 | 10,500 | - |
| 400 Supplies and materials | - | 26 | (26) |
| 600 Other objects | - | 52 | (52) |
| 233 School administration | | | |
| 100 Salaries | 643,166 | 534,784 | 108,382 |
| 200 Employee benefits | 183,853 | 123,232 | 60,621 |
| 300 Purchased services | 412,119 | 357,707 | 54,412 |
| 400 Supplies and materials | 202,451 | 58,555 | 143,896 |
| 500 Capital outlays | - | 696 | (696) |
| 600 Other objects | - | 10,501 | (10,501) |
| 250 Finance and operations services | | | |
| 252 Fiscal services | | | |
| 100 Salaries | 296,535 | 246,565 | 49,970 |
| 200 Employee benefits | 83,857 | 56,207 | 27,650 |
| 300 Purchased services | 71,659 | 62,198 | 9,461 |
| 400 Supplies and materials | 10,000 | 9,130 | 870 |
| 600 Other objects | 140,000 | 100,137 | 39,863 |
| 253 Facilities acquisition and construction | | | |
| 300 Purchased services | 142,181 | 121,142 | 21,039 |
| 520 Construction services | - | 7,158,722 | (7,158,722) |
| 540 Equipment | - | 339,470 | (339,470) |
| 545 Technology equipment and software | 345,874 | 510,342 | (164,468) |
| 254 Operation and maintenance of plant | | | |
| 100 Salaries | 230,000 | 262,884 | (32,884) |
| 200 Employee benefits | 34,564 | 59,830 | (25,266) |
| 300 Purchased services | 542,047 | 742,154 | (200,107) |
| 321 Public util (excl gas, oil, elect & oth heating fuels) | 18,000 | 17,618 | 382 |
| 400 Supplies and materials | 63,933 | 250,290 | (186,357) |
| 500 Capital outlays | - | 221 | (221) |
| 258 Security | | | |
| 300 Purchased services | 30,000 | 35,405 | (5,405) |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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) |
|---|---|---|---|
| 260 Central support services | | | |
| 263 Information services | | | |
| 300 Purchased services | $ 18,978 | $ 26,681 | $ (7,703) |
| 264 Staff services | | | |
| 300 Purchased services | 15,254 | 17,298 | (2,044) |
| 266 Technology and data processing services | | | |
| 300 Purchased services | 262,974 | 143,481 | 119,493 |
| 400 Supplies and materials | 12,579 | 4,502 | 8,077 |
| 500 Capital outlays | 75,000 | - | 75,000 |
| 270 Support services - pupil activity | | | |
| 271 Pupil service activities | | | |
| 100 Salaries | 15,000 | - | 15,000 |
| 400 Supplies and materials | 50,000 | 57,526 | (7,526) |
| 600 Other objects | 25,000 | 14,935 | 10,065 |
| 660 Pupil activity | 21,000 | 35,770 | (14,770) |
| Total support services | 4,654,926 | 12,705,229 | (8,050,303) |
| 300 Community services | | | |
| 390 Other community services | | | |
| 100 Salaries | 150,000 | 100,793 | 49,207 |
| 200 Employee benefits | 9,489 | 22,985 | (13,496) |
| 300 Purchased services | 109,248 | 15,057 | 94,191 |
| 400 Supplies and materials | 166,283 | 56,909 | 109,374 |
| Total community services | 435,020 | 195,744 | 239,276 |
| 400 Other charges | | | |
| 412 Payments to other governmental units | | | |
| 720 Transits | - | 226,861 | (226,861) |
| Total other charges | - | 226,861 | (226,861) |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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) |
|---|---|---|---|
| 500 Debt services | | | |
| 319 Legal services | $ - | $ 167,842 | $ (167,842) |
| 395 Other professional and technical services | - | 8,446 | (8,446) |
| 610 Redemption of principal | - | 15,544,672 | (15,544,672) |
| 620 Interest | 855,000 | 1,332,275 | (477,275) |
| Total debt services | 855,000 | 17,053,235 | (16,198,235) |
| Total expenditures | 12,062,516 | 36,797,856 | (24,735,340) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| 5400 Proceeds from long-term notes | - | 23,200,748 | 23,200,748 |
| Interfund transfers from (to) other funds: | | | |
| 422-710 Transfer to Special Revenue EIA Fund | - | (12,944) | (12,944) |
| 5220 Transfer from Special Revenue Fund (excl ind cost) | - | 387,031 | 387,031 |
| 5230 Transfer from Special Revenue EIA Fund | - | 1,922,759 | 1,922,759 |
| Total other financing sources (uses) | - | 25,497,594 | 25,497,594 |
| **EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES** | $ 239,576 | (97,908) | $ (337,484) |
| **FUND BALANCE, July 1, 2025** | | 1,834,977 | |
| **FUND BALANCE, June 30, 2026** | | $ 1,737,069 | |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 were less than the final budget by approximately $1,100,000. Local revenue was higher than budget by $274,000, primarily due to increased contribution revenue. State revenue was lower than anticipated by $1,374,000. This was due to actual enrollment being lower than the School planned. The School experienced significant growth but did not fully meet expectations for the year.

Actual expenditures were approximately $24,735,000 above the final budget. The School expended approximately $8,000,000 in capital expenditures for improvements to its building. Those expenditures were not budgeted within the School's General Fund budget. The School also repaid $15,500,000 in promissory debt, with that repayment included in debt service expenditures for the year. The School expended significantly more than originally planned on operating costs, particularly its payroll and related costs, to meet the substantial enrollment growth.

The School borrowed approximately $23,200,000 in financing to repay its promissory notes and facilitate its capital project. This financing was not budgeted within the School's General Fund budget.

This combination of lower than budgeted revenues and significant unbudgeted expenses caused the change in fund balance to be lower than expectations by approximately $337,000.

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | | | | | | | | |
| 1640 Lunch sales to adults | $ - | $ - | $ - | $ - | $ - | $ - | $ 28,119 | $ 28,119 |
| 1900 Other revenue from local sources | | | | | | | | |
| 1920 Contrib and donations from private sources | - | - | - | - | - | - | 184,031 | 184,031 |
| Total local sources | - | - | - | - | - | - | 212,150 | 212,150 |
| 2000 Intergovernmental revenue | | | | | | | | |
| 2100 Payments from other governmental units | - | - | - | - | - | - | 1,500 | 1,500 |
| Total intergovernmental revenue | - | - | - | - | - | - | 1,500 | 1,500 |
| 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 |
| 3600 Education Lottery Act revenue | | | | | | | | |
| 3699 Other state lottery programs | - | - | - | - | - | 203,000 | - | 203,000 |
| Total state sources | - | - | - | - | - | 263,392 | - | 263,392 |

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

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 |
|---|---|---|---|---|---|---|---|---|
| 4000 Revenue from federal sources | | | | | | | | |
| 4300 Elementary and Secondary Educ Act of 1965 (ESEA) | | | | | | | | |
| 4310 Title I, Basic State Grant (carryover prov) | $ 144,636 | $ - | $ - | $ - | $ - | $ - | $ - | $ 144,636 |
| 4341 Lang instr ltd english prof/immig, Title III | - | - | - | - | - | - | 751 | 751 |
| 4351 Supporting effective instruction | - | - | - | - | - | - | 17,801 | 17,801 |
| 4500 Programs for children with disabilities | | | | | | | | |
| 4510 Individ with Disabil Educ Act (IDEA) | - | 116,800 | - | - | - | - | 3,003 | 119,803 |
| 4900 Other federal sources | | | | | | | | |
| 4990 Other federal revenue | | | | | | | | |
| 4997 Title IV - SSAE | - | - | - | - | - | - | 11,534 | 11,534 |
| 4999 Revenue from other federal sources | - | - | - | - | - | - | 1,029,603 | 1,029,603 |
| Total federal sources | 144,636 | 116,800 | - | - | - | - | 1,062,692 | 1,324,128 |
| Total revenues all sources | 144,636 | 116,800 | - | - | - | 263,392 | 1,276,342 | 1,801,170 |
| **EXPENDITURES** | | | | | | | | |
| 100 Instruction | | | | | | | | |
| 110 General instruction | | | | | | | | |
| 112 Primary programs | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 3,003 | 3,003 |
| 400 Supplies and materials | - | - | - | - | - | 4,000 | 1,500 | 5,500 |
| 113 Elementary programs | | | | | | | | |
| 400 Supplies and materials | - | - | - | - | - | - | 8,750 | 8,750 |

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

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 |
|---|---|---|---|---|---|---|---|---|
| 120 Exceptional programs | | | | | | | | |
| 127 Learning disabilities | | | | | | | | |
| 100 Salaries | $ - | $ 116,566 | $ - | $ - | $ - | $ - | $ - | $ 116,566 |
| 400 Supplies and materials | - | 234 | - | - | - | - | - | 234 |
| 160 Other exceptional programs | | | | | | | | |
| 162 Limited english proficiency | | | | | | | | |
| 300 Purchased services | - | - | - | - | - | - | 687 | 687 |
| 400 Supplies and materials | - | - | - | - | - | - | 64 | 64 |
| 180 Adult/continuing education programs | | | | | | | | |
| 188 Parenting/family literacy | | | | | | | | |
| 400 Supplies and materials | - | - | - | - | - | - | 2,784 | 2,784 |
| Total instruction | - | 116,800 | - | - | - | 4,000 | 16,788 | 137,588 |
| 200 Support services | | | | | | | | |
| 220 Instructional staff services | | | | | | | | |
| 221 Improvement of instr curriculum develop | | | | | | | | |
| 100 Salaries | 144,636 | - | - | - | - | 56,392 | - | 201,028 |
| 300 Purchased services | - | - | - | - | - | - | 12,944 | 12,944 |
| 250 Finance and operations services | | | | | | | | |
| 256 Food services | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 295,241 | 295,241 |
| 200 Employee benefits | - | - | - | - | - | - | 21,652 | 21,652 |
| 300 Purchased services | - | - | - | - | - | - | 13,616 | 13,616 |
| 400 Supplies and materials | - | - | - | - | - | - | 610,461 | 610,461 |
| 600 Other objects | - | - | - | - | - | - | 772 | 772 |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 |
|---|---|---|---|---|---|---|---|---|
| 270 Support services - pupil activity | | | | | | | | |
| 271 Pupil service activities | | | | | | | | |
| 100 Salaries | $ - | $ - | $ - | $ - | $ - | $ - | $ 17,801 | $ 17,801 |
| Total support services | 144,636 | - | - | - | - | 56,392 | 972,487 | 1,173,515 |
| Total expenditures | 144,636 | 116,800 | - | - | - | 60,392 | 989,275 | 1,311,103 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | |
| Interfund transfers from (to) other funds: | | | | | | | | |
| 5210 Transfer from General Fund (excludes IC) | - | - | - | - | - | - | 12,944 | 12,944 |
| 420-710 Transfer to Gen Fund (excludes IC) | - | - | - | - | - | (203,000) | (184,031) | (387,031) |
| Total other financing sources (uses) | - | - | - | - | - | (203,000) | (171,087) | (374,087) |
| **EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES** | -0- | -0- | -0- | -0- | -0- | -0- | 115,980 | 115,980 |
| **FUND BALANCE, July 1, 2025** | -0- | -0- | -0- | -0- | -0- | -0- | 77,691 | 77,691 |
| **FUND BALANCE, June 30, 2026** | $ -0- | $ -0- | $ -0- | $ -0- | $ -0- | $ -0- | $ 193,671 | $ 193,671 |

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Schedule 4

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 |
| 969 | Strategic compensation | 203,000 | 3699 |
| | | $ 263,392 | |
| **OTHER SPECIAL REVENUE PROGRAMS** | | | |
| 600 | Lunch sales to adults | $ 28,119 | 1640 |
| 801 | Contrib and donations from private sources | 184,031 | 1920 |
| 803 | DHEC recycling grant | 1,500 | 2100 |
| 264 | Lang instr ltd english prof/immig, Title III | 751 | 4341 |
| 267 | Supporting effective instruction | 17,801 | 4351 |
| 212 | IDEA -Extended school year | 3,003 | 4510 |
| 210 | Title IV - SSAE | 11,534 | 4997 |
| 600 | USDA lunch program | 654,643 | 4810 |
| 600 | USDA breakfast program | 329,663 | 4830 |
| 600 | USDA fresh fruits and vegetables | 45,297 | 4860 |
| | | $ 1,276,342 | |

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**Schedule 5**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | - | - | - |
| 969 | 3699 | Strategic compensation | 203,000 | - | - | (203,000) | - |
| | | | $ 263,392 | $ 60,392 | $ -0- | $ (203,000) | $ -0- |

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**Schedule 6**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | |
| 3502 ADEPT | $ 400 |
| 3503 State aid to classrooms | 1,922,759 |
| 3526 Refurbishment of science kits | 2,966 |
| 3532 National Board salary supplement | 26,462 |
| 3557 Summer reading program | 64,790 |
| 3577 Teacher supplies (no carryover provision) | 19,600 |
| 3599 Other EIA | 1,820 |
| Total state sources | 2,038,797 |
| Total revenues all sources | 2,038,797 |
| **EXPENDITURES** | |
| 100 Instruction | |
| 110 General instruction | |
| 111 Kindergarten programs | |
| 400 Supplies and materials | 3,400 |
| 112 Primary programs | |
| 100 Salaries | 91,652 |
| 400 Supplies and materials | 8,966 |
| 113 Elementary programs | |
| 400 Supplies and materials | 12,020 |
| Total instruction | 116,038 |
| 200 Support services | |
| Total support services | - |
| Total expenditures | 116,038 |
| **OTHER FINANCING SOURCES (USES)** | |
| Interfund transfers, from (to) other funds | |
| 420-710 Transfer to General Fund (excludes indirect costs) | (1,922,759) |
| Total other financing sources (uses) | (1,922,759) |
| **EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES** | -0- |
| **FUND BALANCE, July 1, 2025** | -0- |
| **FUND BALANCE, June 30, 2026** | $ -0- |

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**Schedule 7**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, 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 | | | | | |
| 3502 ADEPT | $ 400 | $ 400 | $ - | $ - | $ - |
| 3503 State aid to classrooms | 1,922,759 | - | - | (1,922,759) | - |
| 3526 Refurbishment of science kits | 2,966 | 2,966 | - | - | - |
| 3532 National Board salary supplement | 26,462 | 26,462 | - | - | - |
| 3557 Summer reading program | 64,790 | 64,790 | - | - | - |
| 3577 Teacher supplies (no carryover provision) | 19,600 | 19,600 | - | - | - |
| 3599 Other EIA | 1,820 | 1,820 | - | - | - |
| TOTALS | $ 2,038,797 | $ 116,038 | $ -0- | $ (1,922,759) | $ -0- |

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**Schedule 8**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Schedule of Due to State Department of Education/Federal Government**
**June 30, 2026**

| Program | Grant/ Project Number | Revenue & Subfund Codes | Description | Amount Due to SCDOE/Federal Government | Status of Payments |
|---|---|---|---|---|---|
| None | | | | $ -0- | |

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Schedule of Findings and Questioned Costs**
**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)? _____ Yes ___X___ No

Noncompliance material to financial statements noted? _____ Yes ___X___ No

## *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant weakness(es) identified that are not considered to be material weakness(es)? _____ Yes ___X___ No

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ___X___ No

Identification of major programs:

| **AL Number(s)** | **Name of Federal Program or Cluster** |
|---|---|
| 10.555 | School lunch program |

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___X___ Yes _____ No

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Schedule of Findings and Questioned Costs**
**For Fiscal Year Ended June 30, 2026**

## Section II - Financial Statement Findings

**None.**

## Section III - Federal Award Findings and Questioned Costs

**None.**

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**Schedule 10**

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Schedule of Prior Year Findings**
**For Fiscal Year Ended June 30, 2026**

## Section I - Financial Statement Findings

**None.**

## Section II - Federal Award Findings and Questioned Costs

**None.**

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Schedule 11

**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2026**

| Federal Grantor/ Pass-Through Grantor Program Title | Federal AL Number | Pass Through Grantor's Number | Total Expenditures |
|---|---|---|---|
| **U. S. DEPARTMENT OF EDUCATION** | | | |
| Passed through South Carolina Public Charter School District | | | |
| Special education cluster: | | | |
| IDEA - Extended school year | 84.027 | N/A | $ 3,003 |
| Individuals with Disabilities Education Act (IDEA) | 84.027 | N/A | 116,800 |
| | | | 119,803 |
| Title I, Basic State Grant (carryover prov) | 84.010 | N/A | 144,636 |
| Lang instr ltd english prof/immig. Title III | 84.365 | N/A | 751 |
| Supporting effective instruction | 84.367 | N/A | 17,801 |
| Title IV - SSAE | 84.424 | N/A | 11,534 |
| **TOTAL U.S. DEPARTMENT OF EDUCATION** | | | 294,525 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| Passed through SC Department of Education | | | |
| Fresh fruits and vegetables | 10.579 | N/A | 45,297 |
| Child nutrition cluster (cash assistance): | | | |
| School breakfast program | 10.553 | N/A | 329,663 |
| School lunch program | 10.555 | N/A | 654,643 |
| **TOTAL U.S. DEPARTMENT OF AGRICULTURE** | | | 1,029,603 |
| **TOTAL FEDERAL ASSISTANCE EXPENDED** | | | $ 1,324,128 |

There were no pass-through awards to subrecipients in the current fiscal year.

See accompanying notes to Schedule of Expenditures of Federal Awards

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**LIBERTY STEAM CHARTER SCHOOL**
**SUMTER, SOUTH CAROLINA**
**Notes to the Schedule of Expenditures of Federal Awards**
**For the Fiscal Year Ended June 30, 2026**

## Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the SEFA") includes the federal grant activity of Liberty STEAM Charter School under programs of the federal government for the year ended June 30, 2026. The information in the SEFA is presented in accordance with the requirements of *Title 2* U.S. Code of Federal Regulations ("CFR") *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of Liberty STEAM Charter School it is not intended to and does not present the financial position, change in net assets, or cash flows of Liberty STEAM Charter School.

## Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

## Note 3 - Reconciliation of SEFA to the Financial Statements

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

## Note 4 - Indirect Cost Rate

The School has elected not to use the 15% de minimus cost rate allowed under the Uniform Guidance.

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON 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
Liberty STEAM Charter School
Sumter, South Carolina

We have audited the financial statements of Liberty STEAM Charter School ("the School") as of and for the year ended June 30, 2026, and have issued our report thereon dated October 5, 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.

**Report on Compliance and Other Matters**

As part of obtaining 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 grant agreements, noncompliance with which could have a direct and material effect on 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.

**Report on 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 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.

**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 Liberty STEAM Charter 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
October 5, 2026

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
Liberty STEAM Charter School
Sumter, South Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the compliance of Liberty STEAM Charter School ("the School") with the types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026. The School's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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**Report on Internal Control Over Compliance**

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

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

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

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

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 5, 2026

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