

Coastal High School

**(A Component Unit of the
Limestone Charter Association)**

Myrtle Beach, South Carolina

ANNUAL FINANCIAL REPORT

June 30, 2025

(With Independent Auditors' Report Thereon)

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
Coastal High School
Myrtle Beach, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Coastal High School ("the School"), a component unit of Limestone Charter Association, as of and for the year ended June 30, 2025, 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 in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Coastal High School at June 30, 2025, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for 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 Coastal High 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 Coastal High 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.

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 Coastal High 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 Coastal High 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, although not a required part of the financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Coastal High School's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

This discussion and analysis of Coastal High School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2025. 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.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

In the Statement of Net Position, the assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,401,341. The School has a net investment in its capital assets of \$3,301,905. Therefore, the School showed an unrestricted net deficit position of \$1,900,564.

The School's net position decreased by \$70,111 during the current fiscal year, as compared to an increase of \$585,868 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$10,816,035. This investment in capital assets increased by \$6,230,303 during the year, as capital additions exceeded depreciation expense. The School continued its construction of a new educational campus.

The School repaid its existing loans and borrowed under two loan agreements to facilitate its construction project.

Fund Financial Statements

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending deficit fund balance of \$1,804,533, compared to a fund balance of \$857,652 in the previous fiscal year. The deficit was caused by the School expending approximately \$2.1 million on its capital project for which it had not borrowed under its available loan agreements.

During the 2025 fiscal year, the School's governmental fund-type revenues were \$3,081,898. The School reported governmental fund-type revenues of \$3,160,330 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$13,258,213. Included in expenditures are \$9,587,899 in capital expenditures and \$268,335 in principal payments.

Overall

The 135-day student count decreased by 17, from 214 in the prior year to 197 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis serves as an introduction to the School's Financial Statements. The School's Financial Statements consist of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the Financial Statements, this report contains Required Supplementary Information that will enhance the reader's understanding of the financial condition of the School.

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of the School's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

The Government-Wide Financial Statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). However, all activities of the School are governmental activities, which include instruction, supporting services, and debt service.

Fund Financial Statements

The remaining financial statements are Fund Financial Statements which focus on individual parts of the School, reporting the School's operations in more detail than the Government-Wide Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School are Governmental Funds.

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on near-term uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Special Revenue Funds. The Governmental Funds Financial Statements can be found at Exhibits C, D, E, and F of this report.

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found following Exhibit F of this report.

Other Information

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for this fund to demonstrate compliance with its budget.

**Major Features of Coastal High School
Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements
		<i>Government Funds Only</i>
Scope	Entire school unit	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets were greater than its liabilities by \$1,401,341 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2025 compared to 2024:

Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 1,156,445	\$ 1,282,296
Capital assets	10,816,035	4,585,732
Total assets	<u>11,972,480</u>	<u>5,868,028</u>
Liabilities		
Long-term liabilities	7,610,161	4,099,087
Other liabilities	<u>2,960,978</u>	<u>297,489</u>
Total liabilities	<u>10,571,139</u>	<u>4,396,576</u>
Net Position		
Net investment in capital assets	3,301,905	582,676
Unrestricted net position (deficit)	<u>(1,900,564)</u>	<u>888,776</u>
Total net position	<u>\$ 1,401,341</u>	<u>\$ 1,471,452</u>

During the current fiscal year, net position of the School's governmental activities decreased by \$70,111. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$888,776 at June 30, 2024, to (\$1,900,564) at June 30, 2025.

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

The following table shows the changes in net position for fiscal year 2025 compared to 2024:

Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Operating grants	\$ 2,806,867	\$ 3,070,741
Charges for services and sales	82,047	56,651
General revenues:		
Unrestricted investment earnings	49,419	21,457
Other revenue	456,107	11,482
Total revenues	3,394,440	3,160,331
Program Expenses		
Instruction	1,694,044	1,434,996
Support services	1,161,956	932,635
Interest	608,551	206,832
Total expenses	3,464,551	2,574,463
Increase (decrease) in net position	\$ (70,111)	\$ 585,868

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2025, the School's Governmental Funds reported combined fund balances of a deficit of \$1,804,533 as compared to \$857,652 for the prior year. This decrease in fund balances was largely driven by the School expending \$9,587,899 in capital expenditures during the year. The School did not fully borrow on its existing loan agreements during the year, which caused the significant decline in fund balance. The School borrowed to facilitate the capital expenditures shortly after year-end.

The Special Revenue Funds consists of various federal, state, and local funds, and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The funds that were received during the year were expended during the current fiscal year; therefore, there was no fund balance at the end of the previous or current year.

General Fund Budgetary Highlights

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2025, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**COASTAL HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the School had \$10,816,035 net investment in capital assets. The year-end total of capital assets was \$11,748,706, with a total accumulated depreciation of \$932,671. The depreciation expense taken during the year was \$236,216, and capital asset additions were \$6,230,303. The School continued its major capital project for its new educational campus. The School also agreed to terminate its existing building lease as of June 30, 2025, and removed the Right of Use Asset – Building, along with the related accumulated amortization, from its records.

The following table shows fiscal 2025 balances compared to 2024:

		Capital Assets (Net of Depreciation)	
		Governmental Activities	
		2025	2024
Leasehold improvements	\$	131,961	\$ 159,098
Equipment		23,886	33,841
Land		1,300,000	-
Vehicles		7,695	16,723
Right of Use Asset - Building		-	3,485,122
Construction in progress		9,352,493	890,948
Totals	\$	<u>10,816,035</u>	\$ <u>4,585,732</u>

Long-term Debt

At fiscal year-end, the School had \$7,514,130 in notes payable versus \$4,003,056 in the prior year. The School repaid its existing notes payable and terminated its lease during the year. The School borrowed under two loan agreements to finance the construction of its educational facility.

Economic Factors

The following key economic indicators reflect the operations of the School:

- The School continues to see community support as evidenced by volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its Education Finance Act ("EFA") funding.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School's business office located at 3710 Palmetto Pointe Blvd., Myrtle Beach, South Carolina 29588.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Statement of Net Position
June 30, 2025**

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,026,483
Due from other governmental units	81,380
Other receivables	2,070
Other assets	15,289
Prepaid expenses	31,223
Capital assets	11,748,706
Less accumulated depreciation and amortization	(932,671)
Total capital assets, net of depreciation	<u>10,816,035</u>
Total assets	<u>11,972,480</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	2,957,671
Due to other governmental units	1,722
Revenue collected in advance	1,585
Long-term liabilities:	
Due within one year - notes payable	-
Due in more than one year - notes payable	7,514,130
Deferred rent	<u>96,031</u>
Total liabilities	<u>10,571,139</u>
<u>NET POSITION</u>	
Net investment in capital assets	3,301,905
Unrestricted net position	<u>(1,900,564)</u>
Total net position	<u><u>\$ 1,401,341</u></u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2025**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 1,694,044	\$ -	\$ 1,372,460	\$ (321,584)
Support services	1,161,956	-	941,379	(220,577)
Interest and other charges	608,551	82,047	493,028	(33,476)
Total governmental activities	<u>3,464,551</u>	<u>82,047</u>	<u>2,806,867</u>	<u>(575,637)</u>
Total	\$ <u>3,464,551</u>	\$ <u>82,047</u>	\$ <u>2,806,867</u>	<u>(575,637)</u>
General revenues:				
Miscellaneous revenue				456,107
Unrestricted investment earnings				<u>49,419</u>
Total general revenues				<u>505,526</u>
Change in net position				(70,111)
Net position, beginning of year				<u>1,471,452</u>
Net position, end of year				\$ <u><u>1,401,341</u></u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2025**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,026,483	\$ -	\$ -	\$ 1,026,483
Due from other governmental units	-	81,380	-	81,380
Due from other funds	80,935	-	2,862	83,797
Other receivables	2,070	-	-	2,070
Other assets	15,289	-	-	15,289
Prepaid expenses	31,223	-	-	31,223
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>1,156,000</u>	\$ <u>81,380</u>	\$ <u>2,862</u>	\$ <u>1,240,242</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,957,671	\$ -	\$ -	\$ 2,957,671
Due to other funds	2,862	80,935	-	83,797
Due to other governmental units	-	445	1,277	1,722
Unearned revenue	-	-	1,585	1,585
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,960,533	81,380	2,862	3,044,775
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Nonspendable	31,223	-	-	31,223
Unassigned	(1,835,756)	-	-	(1,835,756)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	(1,804,533)	-0-	-0-	(1,804,533)
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ <u>1,156,000</u>	\$ <u>81,380</u>	\$ <u>2,862</u>	\$ <u>1,240,242</u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025**

Total fund balance - Governmental Funds	\$ (1,804,533)
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 \$11,748,706 and the accumulated depreciation is \$932,671.	10,816,035
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,514,130)
Long-term liabilities, including deferred rent, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(96,031)</u>
Net position of governmental activities	\$ <u><u>1,401,341</u></u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 275,031	\$ -	\$ -	\$ 275,031
State	2,214,581	8,060	471,456	2,694,097
Federal	-	112,770	-	112,770
Intergovernmental	-	-	-	-
	<u>2,489,612</u>	<u>120,830</u>	<u>471,456</u>	<u>3,081,898</u>
Total revenues all sources				
EXPENDITURES				
Current:				
Instruction	1,425,261	74,650	24,170	1,524,081
Support services	1,049,523	46,180	-	1,095,703
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt services:				
Redemption of principal	268,335	-	-	268,335
Interest and other charges	782,195	-	-	782,195
Capital outlay	9,587,899	-	-	9,587,899
	<u>13,113,213</u>	<u>120,830</u>	<u>24,170</u>	<u>13,258,213</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(10,623,601)</u>	<u>-</u>	<u>447,286</u>	<u>(10,176,315)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	7,514,130	-	-	7,514,130
Operating transfers in	447,286	-	-	447,286
Operating transfers out	-	-	(447,286)	(447,286)
	<u>7,961,416</u>	<u>-</u>	<u>(447,286)</u>	<u>7,514,130</u>
Total other financing sources (uses)				
Net changes in fund balance	(2,662,185)	-0-	-0-	(2,662,185)
FUND BALANCE, July 1, 2024	<u>857,652</u>	<u>-0-</u>	<u>-0-</u>	<u>857,652</u>
FUND BALANCE, June 30, 2025	<u>\$ (1,804,533)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (1,804,533)</u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, 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, 2025**

Total net changes in fund balance - Governmental Funds	\$ (2,662,185)
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 (\$9,761,545), less disposals, exceeds depreciation (\$236,218) in the period.	9,525,327
Certain income items reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as income in the Governmental Funds. This is the amount of gain on disposition of Right of Use Assets and lease liabilities.	439,696
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in Governmental Funds. This amount represents the change in unavailable revenues for the year.	(127,154)
Loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position	(7,514,130)
Repayment of debt and lease obligation principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>268,335</u>
Change in net position of governmental activities	<u><u>\$ (70,111)</u></u>

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Coastal High 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

Coastal High School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2013. During the year ended June 30, 2023, the School began operating under Limestone Charter Association (“the District”). The School serves approximately 195 students in grades nine through twelve in Horry 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 Limestone Charter Association. 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.

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.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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". The transactions between funds are eliminated in the Governmental Activities' column of the Statement of Net Position.

4) Capital Assets

Capital assets include building improvements, vehicles, and equipment. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over an estimated useful life of five to fifteen years.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

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 has 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 no restricted fund balances in its non-general funds. 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.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

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.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

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 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, 2025, the School's carrying amount of deposits was \$1,026,483 and the bank balance was \$1,026,483, all of which was covered by Federal Depository Insurance Corporation ("FDIC") or collateralized. The School had no investments at June 30, 2025.

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

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

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

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

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 1,300,000	\$ -	\$ 1,300,000
Construction in progress	890,948	8,461,545	-	9,352,493
Total capital assets not being depreciated	890,948	9,761,545	-0-	10,652,493
Capital assets, being depreciated:				
Leasehold improvements	984,979	-	-	984,979
Equipment	63,589	-	-	63,589
Vehicles	47,645	-	-	47,645
	1,096,213	-0-	-0-	1,096,213
Less accumulated depreciation for:				
Leasehold improvements	814,231	38,787	-	853,018
Equipment	37,137	2,566	-	39,703
Vehicles	35,185	4,765	-	39,950
	886,553	46,118	-0-	932,671
Total capital assets being depreciated, net	209,660	(46,118)	-0-	163,542
Lease assets:				
Right of Use Asset - Building	4,055,416	-	(4,055,416)	-
	4,055,416	-0-	(4,055,416)	-0-
Less accumulated amortization for:				
Right of Use Asset - Building	570,294	190,097	(760,391)	-
	570,294	190,097	(760,391)	-0-
Total lease assets being amortized, net	3,485,122	(190,097)	(3,295,025)	-0-
Governmental Activities capital assets, net	\$ 3,694,782	\$ 9,525,330	\$ (3,295,025)	\$ 10,816,035

Depreciation and amortization was charged to functions/programs as follows:

Governmental Activities:

Instruction	\$ 188,972
Support	47,243

Total depreciation expense - Governmental Activities \$ 236,215

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 \$4,055,416. This asset was being amortized over the remaining term of the related building lease. In October 2024, the School agreed to terminate the lease effective June 30, 2025. The existing Right of Use Asset – Building and the related accumulated amortization were removed from its records as of June 30, 2025, along with the remaining related lease liability.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets, continued

The School continued its construction project on its new educational campus. The amounts expended as of June 30, 2025 are included as Construction in progress.

C. Due to/From Other Funds

Interfund balances at June 30, 2025, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 80,935	\$ 2,862
Special Revenue Funds:		
Special Projects Fund	-	80,935
EIA Fund	<u>2,862</u>	<u>-</u>
	<u>\$ 83,797</u>	<u>\$ 83,797</u>

The General Fund receivable is a result of special revenue owing the General Fund for claims that were filed but not yet received. The General Fund payable is a result of the General Fund owing the EIA Fund for amounts received for state claims on behalf of the EIA Fund.

The General Fund received transfers of \$447,286 from the EIA Fund to align funding within the fund from which the majority of the School's expenditures are paid.

D. Long-term Debt

In September 2017, the School restructured its \$425,476 loan from their landlord for building improvements. The note is payable in 120 monthly payments of \$5,724, including interest at 6%, with a final payment due August 2027. The balance of the note was repaid during the year ended June 30, 2025.

In February 2022, the School borrowed \$21,443 under a financing agreement for the purchase of a bus. The note is due in 48 monthly payments of \$493.79, including interest at 5%, with a final payment due June 2026. The balance of the note was repaid during the year ended June 30, 2025.

In October 2024, the School entered into a \$3,990,000 loan with a non-profit organization specializing in providing financing to charter schools. The loan terms include interest at 9.5%, and require interest only payments through October 2026, then principal and interest payments, calculated based upon a thirty-year amortization, through October 2029. The remaining principal balance is due on that date. The School owed \$3,959,812 at June 30, 2025.

Covenants contained in the loan agreement require periodic financial reporting; and require the School to maintain minimum levels of net income available for debt service, as defined, in comparison with maximum annual debt service. Other customary covenants, representations, conditions, and default provisions for such a loan agreement are present. For the year ended June 30, 2025, the School is in compliance with all debt covenants.

In October 2024, the School entered into a \$10,530,000 loan with a non-profit organization which provides financing to charter schools. The loan terms include interest at 5.52%, and require interest only payments through November 2026, then principal and interest payments, calculated based upon a thirty-year amortization, through October 2029. The remaining principal balance is due on that date. The School owed \$3,554,318 at June 30, 2025.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-term Debt, continued

Maturities of the notes outstanding at June 30, 2025, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ -	\$ 624,595
2027	40,473	600,498
2028	71,429	573,871
2028	74,486	867,814
2029	7,327,742	220,215
Total	\$ 7,514,130	\$ 2,886,993

The School follows the guidance of GASB Statement #87 *Leases*. The School had previously recognized a lease liability relating to its building lease in the amount of \$4,055,416. This lease required monthly payments of \$23,219 through June 2027. The School had four five-year options to extend the lease, with subsequent rent escalations for each option period of 10%. In October 2024, the School agreed to terminate the lease effective June 30, 2025. The existing Right of Use Asset – Building and the related accumulated amortization were removed from its records as of June 30, 2025, along with the remaining related lease liability.

Interest expense for the year ended June 30, 2025, was \$205,705.

Long-term liability activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note payable agreements	\$ 170,222	\$ 7,514,130	\$ (170,222)	\$ 7,514,130	\$ -
Vehicle financing agreement	8,662	-	(8,662)	-	-
Lease obligation - building lease	3,824,172	-	(3,824,172)	-	-
Total long-term obligations	<u>\$ 4,003,056</u>	<u>\$ 7,514,130</u>	<u>\$ (4,003,056)</u>	<u>\$ 7,514,130</u>	<u>\$ -0-</u>

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Employee Retirement Plan

The School maintains a 403(b) Plan ("the Plan") with National Benefit Services. Employees contribute through payroll deductions to the Plan and the School matches a percentage of the employee's contributions. These provisions were established by the Board. The School contributed \$40,255 to the Plan for the year ended June 30, 2025.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025**

IV. OTHER INFORMATION, Continued

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. Pandemic Funding

The Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") included the Employee Retention Credit ("ERC") program, created to encourage employers to keep their employees on the payroll during the period affected by the coronavirus pandemic. The ERC allowed eligible entities a refundable tax credit against the employer portion of social security taxes paid equal to 70% of qualified wages for each employee, with such wages limited to \$10,000 per employee for each quarter. Employers that experienced fully or partially suspended operations during any calendar quarter due to orders from an appropriate governmental authority due to COVID-19 were eligible for the credit. The School determined its eligibility for the ERC and submitted its application for a credit of \$127,154 during the fiscal year ended June 30, 2024. The School concluded it has met the donor-imposed conditions and, therefore, recognized grant income during the year ended June 30, 2024, and a grant receivable as of June 30, 2024. The School received the balance of the receivable during the year ended June 30, 2025, and recognized grant income of \$127,154 in its governmental financial statements.

E. Other

Limestone Charter Association has announced that it will cease operations by June 30, 2026. The State Department of Education is requiring each LCA-sponsored school to make a transfer decision by December 15, 2025, and notify LCA by that date of the authorizer to which it will transfer as of July 1, 2026. The School is engaging in internal discussions and anticipates making a decision by December 15, 2025.

F. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 20, 2025, 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, 2025.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 10,000	\$ 49,419	\$ 39,419
1700 Pupil activities			
1720 Bookstore sales	15,000	18,758	3,758
1740 Student fees	15,000	36,932	21,932
1790 Other pupil activity income	30,800	26,356	(4,444)
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	6,000	9,546	3,546
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	134,020	134,020
Total local sources	<u>76,800</u>	<u>275,031</u>	<u>198,231</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	3,385,411	2,214,581	(1,170,830)
Total state sources	<u>3,385,411</u>	<u>2,214,581</u>	<u>(1,170,830)</u>
Total revenues all sources	<u>3,462,211</u>	<u>2,489,612</u>	<u>(972,599)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	993,773	1,037,182	(43,409)
200 Employee benefits	262,727	242,581	20,146
300 Purchased services	15,000	20,987	(5,987)
400 Supplies and materials	-	29,307	(29,307)
120 Exceptional programs			
126 Speech handicapped			
300 Purchased services	-	11,164	(11,164)

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
127 Learning disabilities			
100 Salaries	\$ 164,950	\$ 64,898	\$ 100,052
200 Employee benefits	36,057	5,743	30,314
300 Purchased services	5,000	10,649	(5,649)
400 Supplies and materials	5,000	2,545	2,455
170 Summer school programs			
173 High school summer school			
300 Purchased services	15,000	-	15,000
180 Adult/continuing education programs			
188 Parenting/family literacy			
400 Supplies and materials	1,100	-	1,100
190 Instructional pupil activity			
400 Supplies and materials	-	185	(185)
600 Other objects	-	20	(20)
	<u>1,498,607</u>	<u>1,425,261</u>	<u>73,346</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
200 Employee benefits	-	6,439	(6,439)
212 Guidance services			
100 Salaries	111,750	71,330	40,420
200 Employee benefits	25,481	8	25,473
300 Purchased services	1,000	25,200	(24,200)
213 Health services			
100 Salaries	45,000	45,271	(271)
200 Employee benefits	11,458	4,250	7,208
300 Purchased services	5,000	360	4,640
214 Psychological services			
300 Purchased services	20,000	39,790	(19,790)
215 Exceptional program services			
300 Purchased services	1,500	88	1,412

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	\$ 60,000	\$ -	\$ 60,000
200 Employee benefits	13,243	-	13,243
300 Purchased services	1,700	-	1,700
223 Supervision of special programs			
100 Salaries	7,000	33,286	(26,286)
200 Employee benefits	12,412	5,281	7,131
300 Purchased services	5,000	-	5,000
224 Improvement of instruction inserv and staff training			
100 Salaries	-	9,540	(9,540)
200 Employee benefits	-	790	(790)
300 Purchased services	24,000	6,612	17,388
230 General administrative services			
231 Board of education			
300 Purchased services	35,000	15,939	19,061
318 Audit services	10,000	9,500	500
600 Other objects	14,100	16,409	(2,309)
233 School administration			
100 Salaries	259,049	242,473	16,576
200 Employee benefits	67,043	62,343	4,700
300 Purchased services	81,808	65,258	16,550
400 Supplies and materials	11,000	24,100	(13,100)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	56,150	53,897	2,253
600 Other objects	1,000	7,443	(6,443)
253 Facilities acquisition and construction			
300 Purchased services	5,000	1,424	3,576
500 Capital outlay			
510 Land	-	1,300,000	(1,300,000)
520 Construction services	-	8,287,899	(8,287,899)

COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and maintenance of plant			
100 Salaries	\$ -	\$ 13,594	\$ (13,594)
200 Employee benefits	-	1,117	(1,117)
300 Purchased services	399,490	105,030	294,460
321 Public util (excl gas, oil, elect & oth heating fuels)	-	3,448	(3,448)
400 Supplies and materials	32,500	3,585	28,915
470 Energy (incl gas, oil, elect & oth heating fuels)	-	17,896	(17,896)
255 Student transportation (state mandated)			
100 Salaries	28,325	29,044	(719)
200 Employee benefits	3,371	2,221	1,150
300 Purchased services	15,000	1,739	13,261
400 Supplies and materials	8,000	4,681	3,319
258 Security			
300 Purchased services	15,000	636	14,364
260 Central support services			
263 Information services			
300 Purchased services	50,000	50,793	(793)
400 Supplies and materials	25,000	3,946	21,054
266 Technology and data processing services			
300 Purchased services	18,000	2,878	15,122
400 Supplies and materials	15,000	1,999	13,001
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	-	13,498	(13,498)
300 Purchased services	10,000	11,061	(1,061)
400 Supplies and materials	65,000	25,012	39,988
660 Pupil activity	-	10,314	(10,314)
Total support services	1,569,380	10,637,422	(9,068,042)
300 Community services			
390 Other community services			
100 Salaries	1,000	-	1,000
Total community services	1,000	-	1,000

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
500 Debt services			
319 Legal services	\$ -	\$ 121,590	\$ (121,590)
610 Redemption of principal	-	268,335	(268,335)
620 Interest	-	187,476	(187,476)
690 Other objects (includes fees for servicing bonds)	9,447	473,129	(463,682)
	<u>9,447</u>	<u>1,050,530</u>	<u>(1,041,083)</u>
Total debt services	<u>9,447</u>	<u>1,050,530</u>	<u>(1,041,083)</u>
Total expenditures	<u>3,078,434</u>	<u>13,113,213</u>	<u>(10,034,779)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	-	447,286	447,286
5400 Proceeds from long-term notes	-	7,514,130	7,514,130
	<u>-</u>	<u>7,961,416</u>	<u>7,961,416</u>
Total other financing sources (uses)	<u>-</u>	<u>7,961,416</u>	<u>7,961,416</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 383,777</u>	<u>(2,662,185)</u>	<u>\$ (3,045,962)</u>
FUND BALANCE, July 1, 2024		<u>857,652</u>	
FUND BALANCE, June 30, 2025		<u>\$ (1,804,533)</u>	

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2025**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
REVENUES								
3000 Revenue from state sources								
3100 Restricted state funding								
3187 Teacher supplies (no carryover)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ 800
3600 Education Lottery Act revenue								
3670 School safety-facil/infrastr upgrades	-	-	-	-	-	648	-	648
3900 Other state revenue								
3999 Revenue from other state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,612</u>	<u>6,612</u>
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448</u>	<u>6,612</u>	<u>8,060</u>
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4310 Title I, Basic State Grant (carryover prov)	28,520	-	-	-	-	-	-	28,520
4351 Supporting effective instruction	-	-	-	-	-	-	10,000	10,000
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	<u>-</u>	<u>74,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,250</u>
Total federal sources	<u>28,520</u>	<u>74,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>112,770</u>
Total revenues all sources	<u>28,520</u>	<u>74,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448</u>	<u>16,612</u>	<u>120,830</u>

* See Schedule 3 for a listing of LEA subfund codes for each program

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2025**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
EXPENDITURES								
100 Instruction								
110 General instruction								
114 High school programs								
400 Supplies and materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 400
160 Other exceptional programs								
161 Autism								
100 Salaries	-	65,000	-	-	-	-	-	65,000
200 Employee benefits	-	9,250	-	-	-	-	-	9,250
Total instruction	-	74,250	-	-	-	400	-	74,650
200 Support services								
210 Pupil services								
212 Guidance services								
400 Supplies and materials	-	-	-	-	-	400	-	400
223 Supervision of special programs								
100 Salaries	28,520	-	-	-	-	-	-	28,520
224 Improvement of instruction inserv and staff training								
300 Purchased services	-	-	-	-	-	-	10,000	10,000
250 Finance and operations services								
258 Security								
400 Supplies and materials	-	-	-	-	-	648	-	648

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2025**

	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
260 Central support services								
266 Technology/data processing services								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,612	\$ 6,612
Total support services	28,520	-	-	-	-	1,048	16,612	46,180
Total expenditures	28,520	74,250	-	-	-	1,448	16,612	120,830
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2024	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2025	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2025**

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
917	Teacher supplies (no carryover)	\$ 800	3187
970	School safety-facil/infrastr upgrades	<u>648</u>	3670
		<u>\$ 1,448</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
801	E-rate	\$ 6,612	3999
267	Supporting effective instruction	<u>10,000</u>	4351
		<u>\$ 16,612</u>	

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2025**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
917	3187	Teacher supplies (no carryover)	\$ 800	\$ 800	\$ -	\$ -	\$ -
970	3670	School safety-facil/infrastr upgrades	<u>648</u>	<u>648</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>\$ 1,448</u>	<u>\$ 1,448</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Schedule 5

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2025**

REVENUES

3000 Revenue from state sources	
3500 Education improvement act	
3503 State aid to classrooms	\$ 447,286
3532 National Board salary supplement	16,570
3577 Teacher supplies (no carryover provision)	7,600
	<hr/>
Total state sources	471,456
	<hr/>
Total revenues all sources	471,456
	<hr/>

EXPENDITURES

100 Instruction	
110 General instruction	
114 High school programs	
100 Salaries	12,449
200 Employee benefits	4,121
400 Supplies and materials	7,200
120 Exceptional programs	
127 Learning disabilities	
400 Supplies and materials	400
	<hr/>
Total instruction	24,170
	<hr/>
200 Support services	
Total support services	-
	<hr/>
Total expenditures	24,170
	<hr/>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	(447,286)
	<hr/>
Total other financing sources (uses)	(447,286)
	<hr/>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<hr/> -0-
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FUND BALANCE, July 1, 2024	<hr/> -0-
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FUND BALANCE, June 30, 2025	<hr/> \$ -0-
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**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2025**

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In(Out)	Other Fund Transfers In(Out)	EIA Fund Unearned
3500 Education Improvement Act					
3502 ADEPT	\$ -	\$ -	\$ -	\$ -	\$ 158
3503 State aid to classrooms	447,286	-	-	(447,286)	-
3526 Refurbishment of science kits	-	-	-	-	731
3532 National Board salary supplement	16,570	16,570	-	-	-
3577 Teacher supplies (no carryover provision)	7,600	7,600	-	-	-
3595 EEDA - supplies and materials	-	-	-	-	696
TOTALS	\$ 471,456	\$ 24,170	\$ -0-	\$ (447,286)	\$ 889

COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2025

Program	Grant/Proj Number and FY	Revenue Code / Fund	Description	Amount Due to SCDOE/Federal Government	Status of Amounts Due to Grantors
School safety- facil/infrastr upgrades	FY24	3670 / 970	Unspent allocation	\$ 45.06	Unpaid as of 10/20/25
Teacher supplies	FY25	3187 / 917	Unspent allocation	400.00	Unpaid as of 10/20/25
Refurbishment of science kits	FY24	3526 / 326	Unspent allocation	<u>1,277.04</u>	Unpaid as of 10/20/25
				<u>\$ 1,722.10</u>	

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2025**

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

Section II - Financial Statement/Compliance Findings

2025-01

General Fund - Fund Balance

Condition: The South Carolina Department of Education ("SDE") has adopted a statewide program for identifying fiscal practices and budgetary conditions that, if uncorrected, would compromise the fiscal integrity of a public charter school. This program establishes three levels for fiscal and budgetary concern and conditions and requirements associated with each. In order to avoid inclusion in one of these three concern levels, the SDE requires that the school maintain a General Fund fund balance of at least one month of General Fund expenditures of the last fiscal year. As of June 30, 2025, the School did not meet the criteria.

Criteria: Standards issued by the South Carolina Department of Education.

Cause: The School has historically maintained a strong General Fund fund balance. At June 30, 2024, the fund balance represented approximately 42% of General Fund expenditures. During the year ended June 30, 2025, the School continued its major capital project for its new educational facility and campus. During the year, the School expended \$9,587,899 on this project. The School has loan agreements in place to cover the costs of this capital project. As of June 30, 2025, the School had not borrowed all available funds to cover all expenditures recorded; therefore, its General Fund fund balance was reduced by \$2,662,185 for the year, causing its fund balance to be below the required level.

Effect: As a result of this continued fund balance issue, the School may be on fiscal watch by the SDE.

Recommendation: Management should continue to carefully budget and operate within the financial constraints of the School's funding and continue to increase its fund balance.

Response: The School is committed to maintaining its fund balance at a level that will ensure its fiscal integrity. It utilized its available loan agreements and borrowed to cover its capital expenditures. The loan proceeds recorded caused its General Fund fund balance to again meet the SDE requirements.

**COASTAL HIGH SCHOOL
MYRTLE BEACH, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2025**

Section I - Financial Statement Findings

None.



MARTIN · SMITH

& COMPANY CPAs

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
Coastal High School
Myrtle Beach, South Carolina

We have audited the financial statements of Coastal High School ("the School") as of and for the year ended June 30, 2025, and have issued our report thereon dated October 20, 2025. 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards. That matter is disclosed on the Schedule of Findings and Responses as Finding 2025-01. The School's response to our finding is included on that schedule. That response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

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1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040

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 Coastal High School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 20, 2025