

Brevard Academy

Finance Committee Meeting

Published on October 20, 2026 at 9:15 AM EDT

Date and Time

Tuesday October 20, 2026 at 10:00 AM EDT

Mission:

The Mission of Brevard Academy is to prepare its students to achieve academic excellence through the Core Knowledge Sequence. Through a partnership involving students, teachers, and parents, the school strives to create citizens with strong moral character and active intellectual inquiry.

Vision:

Brevard Academy, a K-8 public charter school, develops and encourages motivated, intellectually curious students who are skilled in critical thinking, individual expression, and problem-solving. From their diverse backgrounds, students accept our challenge to pursue personal and academic excellence. Through this pursuit, they become confident members of their community who lead by serving others.

Strategic Goals:

1. Provide Effective & Innovative Learning Environments
 2. Recruit, Hire and Retain Highly Effective Personnel
 3. Use Resources Effectively & Be Fiscally Responsible
-

Agenda

	Purpose	Presenter	Time
I. Opening Items			10:00 AM
A. Record Attendance		Ali Liubenov	1 m
B. Call the Meeting to Order		Ted Duncan	1 m

	Purpose	Presenter	Time
C. Approve Minutes	Approve Minutes	Ali Liubenov	1 m
Approve minutes for Finance Committee Meeting on September 15, 2026			
D. Approve Agenda	Vote	Ted Duncan	1 m
II. Finance Committee Reports			10:04 AM
A. Fundraising	FYI	Hannah Camenzind	5 m
<ul style="list-style-type: none"> • September Giving Report (attached) 			
B. Review Financial Reports	Discuss	Ted Duncan	15 m
Monthly Board Report			
<ul style="list-style-type: none"> • Budget--Board View • Cash on Hand Report • Encumbered Funds 			
Reconciliation Files			
<ul style="list-style-type: none"> • Attached 			
Annual Encumbrance Spreadsheet Review Quarterly			
III. New Business			10:24 AM
A. Funding Requests	Discuss	Ted Duncan	10 m
<ul style="list-style-type: none"> • *Board Action Required <ul style="list-style-type: none"> ◦ Sharity Capital Campaign Proposal 			
B. Treasurer's Report for BOD	Discuss	Paul Cooper	5 m
Treasurer's Report to the Board			
<ul style="list-style-type: none"> • Funding Requests <ul style="list-style-type: none"> ◦ Fully fund the USDA Reserve Account at approximately \$150,000.00. • Audited Financial Records and Management Representation Letter 			

	Purpose	Presenter	Time
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IV. Other Business			10:39 AM
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A. Future School Needs	Discuss	Ted Duncan	5 m
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- [Capital Projects.](#)
- [Facilities Projects](#)

B. Strategic Budgeting	Discuss	Ted Duncan	10 m
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Strategic Budgeting

- USDA and State Retirement Funds
- Investment Policy
- Finance Goals

V. Action Items			10:54 AM
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A. Board Action Items	Discuss	Ted Duncan	5 m
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1. Audit and Management Letter Approval

VI. Closing Items			10:59 AM
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A. Announce Date of Next Meeting	FYI	Ted Duncan	1 m
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B. Adjourn Meeting	Vote		
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This meeting is a public meeting of the BA-CFA Finance Committee in public for the purpose of conducting the School Corporation's business and is not to be considered a public community meeting.

Coversheet

Approve Minutes

Section:	I. Opening Items
Item:	C. Approve Minutes
Purpose:	Approve Minutes
Submitted by:	
Related Material:	Minutes for Finance Committee Meeting on September 15, 2026

APPROVED

Brevard Academy

Minutes

Finance Committee Meeting

Date and Time

Tuesday September 15, 2026 at 9:00 AM

Mission:

The Mission of Brevard Academy is to prepare its students to achieve academic excellence through the Core Knowledge Sequence. Through a partnership involving students, teachers, and parents, the school strives to create citizens with strong moral character and active intellectual inquiry.

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Strategic Goals:

1. Provide Effective & Innovative Learning Environments
 2. Recruit, Hire and Retain Highly Effective Personnel
 3. Use Resources Effectively & Be Fiscally Responsible
-

Committee Members Present

Amber Wolfe, Cara Varney (remote), Hannah Camenzind, Juli Lefler, Michael Terry, Ted Duncan

Committee Members Absent

Emily Webb, Paul Cooper

Guests Present

Ali Liubenov

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

Ted Duncan called a meeting of the Finance Committee of Brevard Academy to order on Tuesday Sep 15, 2026 at 9:02 AM.

C. Approve Minutes

Hannah Camenzind made a motion to approve the minutes from Finance Committee Meeting on 08-18-26.

Cara Varney seconded the motion.

The committee **VOTED** unanimously to approve the motion.

D. Approve Agenda

Hannah Camenzind made a motion to approve the agenda, strike the annual encumbrance spreadsheet review, table the investment policy.

Cara Varney seconded the motion.

The committee **VOTED** unanimously to approve the motion.

II. Finance Committee Reports

A. Fundraising

Afton Lorenz joined to talk about Giving Day. We already have 2 matching partners, one for \$5,000 and another for \$2,500.

She also gave an update about the paver project, and more information about the engraving process. Better to send pavers in batches to get engraved, so it is more cost effective. She also discussed marketing strategy for the paver project.

B. Review Financial Reports

Budget will not reflect the money that is yet to come in once the state reconciles that we have 446 students averaging in Mr. Duncan's Principal Monthly Report.

Currently have 42 days COH. This is growing in the right direction.

Revenue should grow to over \$100,000 in October once this is corrected.

The Bank Reconciliation Summary was discussed.

USDA loan and funds discussed about the Art/STEM Building.

Hannah Camenzind is signing for Paul's absence.

III. New Business

A. Funding Requests

No requests at this time.

B. Treasurer's Report for BOD

- Giving Day
- 3 year agreement with Duraline for a color copier for the EC department
- Reevaluating our copier contracts
- Tabling the Furniture Replacement Plan
- USDA and State retirement funds
- Investment Policy
- Finance Goals
- Capital Campaign - paver project

IV. Action Items

A. Board Action Items

None at this time

V. Closing Items

A. Announce Date of Next Meeting

October 20, 9:00am

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:43 AM.

Respectfully Submitted,
Cara Varney

Documents used during the meeting

- Cash On Hand August 2026.png
- budget-vs-actual_brevard-academy_august-2026.xlsx
- 02. 2026.08 Bank Recon Summary 1094 - Brevard.pdf

- 02. 2026.08 Bank Recon Summary 2033 & 8870 - Brevard.pdf
- 02. 2026.08 Bank Recon Summary 9079 - Brevard.pdf
- 02. 2026.08 Bank Recon Summary PEX - Brevard.pdf

This meeting is a public meeting of the BA-CFA Finance Committee in public for the purpose of conducting the School Corporation's business and is not to be considered a public community meeting.

Coversheet

Fundraising

Section:	II. Finance Committee Reports
Item:	A. Fundraising
Purpose:	FYI
Submitted by:	
Related Material:	September 2026 _ Fundraising Review.pdf Brevard Academy Proposal.pdf

September 2026 | Fundraising Review

1 message

Bloomerang Fundraising <noreply@qgiv.net>

Sun, Oct 11, 2026 at 5:51 PM

Reply-To: noreply@qgiv.com

To: tduncan@brevardacademy.org

The logo for Bloomerang Fundraising, featuring the word "bloomerang" in a bold, lowercase sans-serif font, with "Fundraising" in a smaller, uppercase sans-serif font below it. A blue horizontal bar is positioned to the right of the word "Fundraising".

Month In Review

September 1, 2026 - September 30, 2026

Brevard Academy

[Product Updates](#) | [Help Desk](#) | [Login](#)

Average Contribution Amount

September 1, 2026 - September 30, 2026

\$182.16

▲ 413% from August

Contribution Total

September 1, 2026 - September 30, 2026

\$6,193.60

▲ 8623% from August

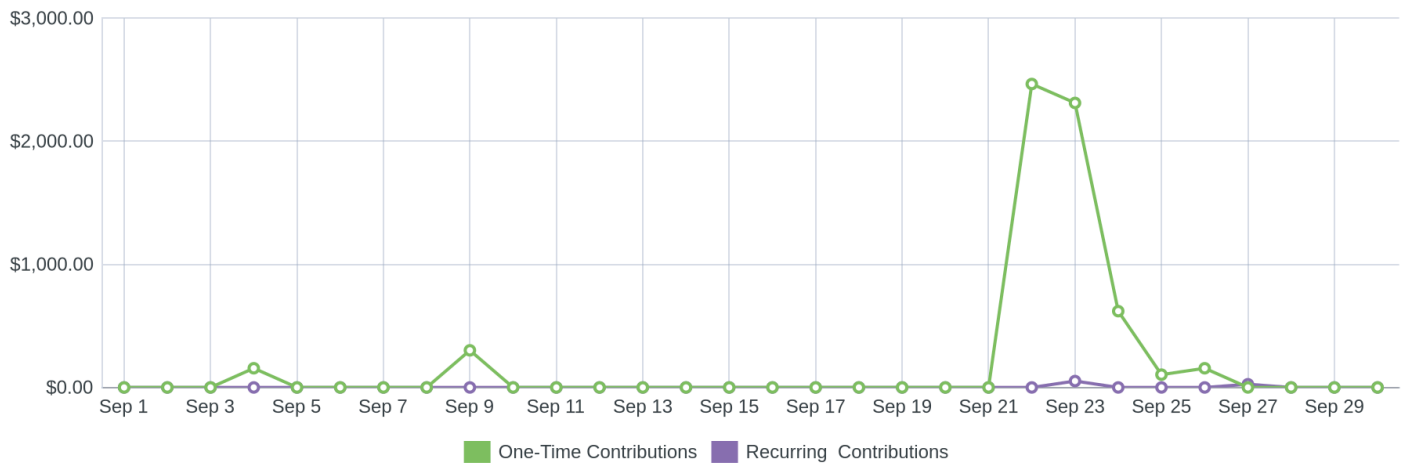


You raised **\$6,193.60**, which is enough to buy **20,645** fun sized candy bars!



One-Time vs Recurring Contributions

September 1, 2026 - September 30, 2026



One-Time Contributions

September 1, 2026 - September 30, 2026

\$6,115.60

▲ 13490% from August

Recurring Contributions

September 1, 2026 - September 30, 2026

\$78.00

▲ 200% from August



Your **\$6,115.60 one-time contributions** is enough to buy **1,344** pumpkins!



Number of Donors

September 1, 2026 - September 30, 2026

34

▲ 1600% from August

Contribution Count

September 1, 2026 - September 30, 2026

34

▲ 1600% from August

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Campaign Readiness & Donor Pipeline Proposal

Building the foundation for a debt elimination campaign that secures Brevard Academy for future generations

Prepared for
Ted Duncan, School Director, Brevard Academy

Prepared by
Carol Wick, President, Sharity Inc.

October 2026



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- What We Need From You 10
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- Next Steps 13

Who We Are

Sharity, Inc. has led multimillion-dollar campaigns, secured transformational gifts, worked with cities and national associations to tackle complex issues, trained volunteer boards, and translated community and education initiatives into funder-ready, evidence-based cases for support. We bring deep experience building fundraising infrastructure for lean teams, aligning strategy, data, and storytelling so organizations can grow with confidence.

2016 Year founded	\$300M Raised for clients	200% Average revenue increase	110 Successful clients
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Core strengths

Our team specializes in building and providing:

- Capital and debt elimination campaigns with phased goals, gift range charts, campaign cabinets, and prospectus materials that give donors a clear reason to invest.
- Donor wealth screening and asset mapping that turns a family, board, and community network into a prioritized, working prospect pipeline.
- Campaign leadership structures that bring board members, parents, and staff together behind one set of priorities.
- CRM setup and fundraising systems, including data migration, standard operating procedures, and reporting so the system actually gets used.

Our method is simple: strengthen the Five Factors™ (Plan, Outcomes, Budget, Team, and Donors) in sequence so each reinforces the next. That creates a strong base for fundraising to run on: clear strategy, compelling impact stories, realistic budgets, a prepared team, and a donor pipeline that can be managed and grown well beyond the life of the engagement.

Understanding

Brevard Academy is a K–8 public charter school serving about 450 students from roughly 350 families, with a teaching staff of around 40. The school owns both of its buildings and carries two loans: a \$7 million mortgage and a \$2.5 million expansion that is underway right now. Together, those loans cost the school roughly \$500,000 every year.

If the two buildings are paid off, everything else happens. That \$500,000 a year would go straight back into the school. It could fund a 10% salary supplement for teachers, upgraded furniture and equipment, richer student experiences, and the room to explore what comes next, including an early college pathway.

What the Five Factors™ Assessment tells us

Brevard Academy's recent Sharity Five Factors™ Assessment placed the school at 54 out of 100, in the Building Consistency stage. The school has real strengths to build on, especially its outcome measurement and proof assets, and a mission and funding priorities that are already taking shape.

Factor	Score	Where things stand
Plan	2.4 / 5	Mission and 1–2 funding priorities are in place. The strategic plan now needs an external-facing version donors can see themselves in.
Outcomes	3.0 / 5	The strongest factor. Donor-ready proof assets already exist and can be used in outreach right away.
Budget	2.0 / 5	A total campaign budget, true costs, and a revenue plan by source still need to be built.
Team	2.0 / 5	Fundraising roles are not yet clearly assigned. Board members with fundraising experience are a strong starting point for a campaign cabinet.
Donors	1.4 / 5	The biggest gap and the biggest opportunity. A prospect pipeline at every gift level needs to be built.

The planning, budget, and team gaps are quick fixes. The pipeline takes more work, and it matters most: Brevard Academy needs a dedicated list of prospects at every gift level, large enough to reach the campaign goal and ideally exceed it.

Our Recommended Approach

A campaign about the future, not the mortgage

Donors rarely give to buildings, and they almost never give to debt. What they do give to is what becomes possible. So rather than asking families and community members to help pay off a loan, we recommend positioning this campaign as a long-term financial stability strategy for Brevard Academy.

The story becomes: when the buildings are paid off, the school keeps \$500,000 a year working for students and teachers, and it has the financial footing to keep doing that for generations. That is a future-focused message, and it invites donors to invest in where Brevard Academy is headed rather than in a single purchase.

What a paid-off campus makes possible

- A 10% salary supplement for Brevard Academy's teachers
- Upgraded classroom furniture and equipment
- Expanded student experiences and enrichment
- Capacity to explore an early college pathway
- Lasting financial stability, so the school is here for the families who come next

Big goal, right-sized phases

We will help Brevard Academy put a bold total goal on the table: everything the school wants to fund over the next three years, with debt elimination at the center. From there, we right-size that goal into campaign phases the school can realistically reach as the pipeline grows. Gifts can remain unrestricted while still being tied to meaningful naming and recognition opportunities connected to the programs and investments the campaign makes possible.

One school, one campaign

Part of this work is bringing parents, board, and staff together behind one set of priorities, with a Family Campaign Cabinet that helps connect the school with the high-capacity families and companies already in its community.

Scope of Work

The engagement is organized into five workstreams that run alongside each other over roughly four months, so Brevard Academy is ready to launch its campaign in early 2027.

1. Campaign Prospectus and Case for Support

Sharity will turn Brevard Academy's current strategic plan and budget into an external-facing prospectus that the school can put in front of donors.

- Work with the School Director and the CFO to build a total campaign budget covering debt payoff, infrastructure, equipment, early college feasibility, and the other priorities the school wants to fund
- Right-size the total into phases tied to the pipeline built
- Translate the \$500,000 in annual savings into a clear "here is what your gift makes possible" list
- Develop giving levels along with naming and recognition opportunities
- Write and design the campaign prospectus, built on the school's existing outcomes and proof assets

2. Donor Pipeline Strategy and Prospect Identification

This is the heart of the engagement. Sharity will build a pipeline with prospects identified at every level of the gift range chart.

- Wealth screen Brevard Academy's roughly 350 families and its existing donor records
- Asset map the family base to surface high-capacity prospects, themes, connections, and the companies families are linked to, without needing to approach families first
- Facilitate an asset mapping session with the board to identify who they know and who needs to be at the table
- Research philanthropic individuals, companies, and foundations in the wider community, including prospects outside the local area
- Build a gift range chart for the campaign goal and populate it with named prospects
- Fold the school's existing small gatherings into the cultivation plan so they feed the pipeline

3. Campaign Leadership and Team Structure

- Define who owns each fundraising bucket (campaign, annual giving, events, grants, stewardship) with clear roles and follow-up standards
- Design and help recruit a Campaign Cabinet, building on the board members who already bring fundraising experience
- Design a Family Campaign Cabinet that coordinates parent engagement, opens doors to high-capacity families and their companies, and aligns parent fundraising with campaign priorities

4. Bloomerang Setup and Data Migration

Brevard Academy recently started using Bloomerang. Sharity's database specialist will make sure it becomes a tool the team actually uses.

- Import historical giving data from QuickBooks and spreadsheets, cleaned and deduplicated
- Configure Bloomerang for campaign tracking, prospect stages, and moves management
- Write internal standard operating procedures for data entry and gift processing
- Set up campaign and pipeline reports, and train staff to use them

5. 36-Month Campaign Launch Strategy

- A campaign plan covering the quiet phase, leadership gifts, and public launch
- A 36-month timeline of activities, cultivation events, and asks
- A first 90 days of cultivation for priority prospects, so momentum starts the day the engagement ends

Engagement Timeline

Pending board approval, we propose kicking off in early November 2026 and wrapping up by the end of February 2027, with Brevard Academy ready to begin its campaign quiet phase immediately after.

Month	Phase	Key activities
November 2026	Discover & Organize	<ul style="list-style-type: none"> Kickoff meeting with School Director, CFO, and campaign board lead Collect strategic plan, budget, loan details, and giving history Submit family and donor records for wealth screening Begin Bloomerang data audit and import Board asset mapping session
December 2026	Build the Case	<ul style="list-style-type: none"> Draft total campaign budget and phased goal with CFO Wealth screening results and family asset map Draft fundraising roles and Campaign Cabinet plan Draft prospectus and giving levels Bloomerang configuration and SOPs
January 2027	Build the Pipeline	<ul style="list-style-type: none"> Community and regional prospect research Gift range chart populated with named prospects Family Campaign Cabinet design Finalize campaign prospectus Bloomerang reports and staff training
February 2027	Ready to Launch	<ul style="list-style-type: none"> Deliver 36-month campaign strategy and timeline Campaign Cabinet orientation Pipeline handoff with first 90 days of cultivation Final review with board leadership

Key Deliverables

By the end of February 2027, Brevard Academy will have:

- A total campaign budget and phased campaign goal
- An external-facing campaign prospectus with giving levels and naming opportunities
- Wealth screening results and an asset map of the family base, board, and community
- A gift range chart with named prospects at every level
- A prioritized donor pipeline loaded into Bloomerang, with owners and next steps
- Clearly defined fundraising roles and follow-up standards
- A Campaign Cabinet structure and a Family Campaign Cabinet design
- A fully configured Bloomerang database with clean historical data, SOPs, and reports
- A 36-month campaign launch strategy and activity timeline

The goal is not a binder on a shelf. It is a school that walks into 2027 knowing exactly who to talk to, what to ask for, and why it matters.

Your Investment

Workstream	Description	Investment
Campaign Prospectus & Case for Support	Total campaign budget and phased goal with the CFO; "what becomes possible" framing; giving levels and naming opportunities; written and designed prospectus.	\$6,500
Donor Pipeline Strategy & Prospect Identification	Family and donor asset mapping; board asset mapping session; community and regional prospect research; gift range chart populated with named prospects. This includes wealth screening of all families, current donors and asset mapping leads.	\$9,000
Campaign Leadership & Team Structure	Fundraising roles and follow-up standards; Campaign Cabinet design and recruitment support; Family Campaign Cabinet design.	\$4,500
Bloomerang Setup & Data Migration	Historical data import and cleanup; campaign configuration; SOPs; reports; staff training.	\$4,500
36-Month Campaign Launch Strategy	Campaign plan, 36-month activity timeline, and first 90 days of cultivation for priority prospects.	\$3,000
Project Management & Communications	Coordination, timeline tracking, and regular check-ins throughout the engagement.	Included
Total Professional Fee	Full engagement, November 2026 through February 2027	\$27,500

Payment

The professional fee may be paid in four monthly installments of \$6,375, from November 2026 through February 2027. If the engagement is completed sooner, the balance is due upon delivery of the final products and materials.

Sharity's services are modular. Once the campaign launches, Brevard Academy can add ongoing campaign counsel, major gifts coaching, or cabinet support as a project-based engagement, a set number of monthly hours, or a retainer, depending on the level of support the board prefers.

Team

Brevard Academy will be supported by a senior-led Sharity team with direct experience building campaigns and donor pipelines for schools and community organizations.

Carol Wick

President

Carol founded Sharity in 2016 after years as a nonprofit executive. She will lead campaign strategy and the prospectus, guide the goal-setting work with the School Director and the CFO, facilitate the board asset mapping session, and support Campaign Cabinet recruitment.

Jeanine Cavicchia

Database & Fundraising Strategy

Jeanine specializes in fundraising infrastructure, CRM strategy, and donor data. She will lead the Bloomerang data migration and setup, write the school's database SOPs, build campaign reports, and train staff so the system is part of everyday work.

Ruth Patrick

Donor Research

Ruth will manage wealth screening and prospect research, helping turn screening results and community research into a prioritized pipeline with clear next steps.

Meagan McDougall

Project Management

Meagan will coordinate timelines, deliverables, and communication throughout the engagement, making sure milestones are met and that time is used well.

Contact Us

We are excited about what this campaign can mean for Brevard Academy's teachers, students, and families. Paying off the buildings is not the finish line. It is what makes everything after it possible.

For more information, please contact:

Carol Wick

President | Sharity Inc.

carol.wick@sharityglobal.com

+1 (407) 697-4563

www.sharityglobal.com

Coversheet

Review Financial Reports

Section:	II. Finance Committee Reports
Item:	B. Review Financial Reports
Purpose:	Discuss
Submitted by:	
Related Material:	<p>budget-vs-actual_brevard-academy_september-2026.xlsx Cash on Hand September 2026.png Encumbered Funds September 2026.png 02. 2026.09 Bank Recon Summary 2033 & 8870 - Brevard.pdf 02. 2026.09 Bank Recon Summary 1094 - Brevard.pdf 02. 2026.09 Bank Recon Summary PEX - Brevard.pdf 02. 2026.09 Bank Recon Summary 9079 - Brevard.pdf</p>

Notice

The following file is attached to this PDF. You will need to open this packet in an application that supports attachments to pdf files, e.g. [Adobe Reader](#):

budget-vs-actual_brevard-academy_september-2026.xlsx

Select School

Brevard Academy (88A)

Select Period

September-2026

The Cash Board

Brevard Academy | September-2026

Comparative School Size

Click to select

AllSmallMediumLarge

Small: 0-400 ADM | Medium: 401-800 ADM | Large: 801+ ADM

Your School Size

Medium

ADM: 423

Cash On Hand

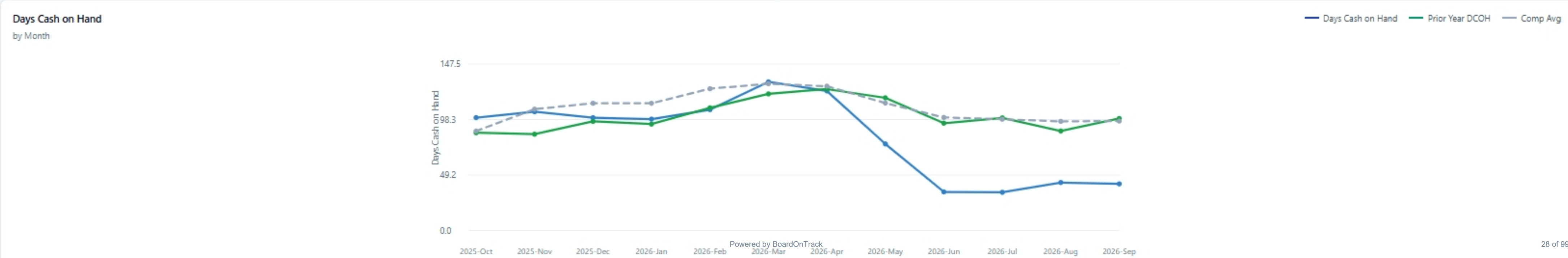
Comp Avg 1.93M

706.2K

Days Cash on Hand

Comp Avg 97.0

41.3



****Only make changes to the light green squares**

		5/1/2026	6/1/2026	7/1/2026	8/1/2026	9/1/2026	10/1/2026
Ending Bank Balances							
	Account 1094	\$163,252	\$163,265	\$163,279	\$163,293		
	Account 1107						
	Account 2033	\$325,000	\$325,000	\$325,000	\$325,000		
	Account 8870	\$985,121	\$110,676	\$275,555	\$555,665		
	Account 9079	\$54,011	\$54,108	\$54,208	\$54,308		
Encumbrance Spent This Month							
Encumbered Operating Expenses		\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
Total Ending Bank Balances		\$1,527,384	\$653,050	\$818,041	\$1,098,265	\$0	
Project Encumbered Amount for the Month		\$17,446	\$17,446	\$17,446	\$17,446	\$17,446	
Change in Operating Encumbrance Amount		\$0	\$0	\$0	\$0	\$0	
Running Encumbrance Balance		\$747,377	\$764,823	\$782,268	\$799,714	\$817,160	
Running Encumbrance Spent		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	
Total Encumbered Funds		\$497,377	\$514,823	\$532,268	\$549,714	\$567,160	
Ending Unencumbered Funds		\$1,030,007	\$138,227	\$285,773	\$548,551		

BREVARD ACADEMY

Bank Reconciliation Summary

Bank: 1STBK 2033 - OP FIRST BANK 2033

Statement Ending Date: 09/30/2026

Statement Balance:	\$587,668.12
Outstanding Checks:	\$118,499.02
Outstanding Deposits:	\$0.00
Adjusted Balance:	\$469,169.10
Book Balance:	\$469,169.10
Difference:	\$0.00

BREVARD ACADEMY

Bank Reconciliation Summary

Bank: 1stCT 1094 - First Citizens 1094-USDA Reser
Statement Ending Date: 09/30/2026

Statement Balance:	\$163,306.40
Outstanding Checks:	\$0.00
Outstanding Deposits:	\$0.00
Adjusted Balance:	\$163,306.40
Book Balance:	\$163,306.40
Difference:	\$0.00

BREVARD ACADEMY

Bank Reconciliation Summary

Bank: PEX - PEX ACCT

Statement Ending Date: 09/30/2026

Statement Balance:	\$19,272.33
Outstanding Checks:	\$0.00
Outstanding Deposits:	\$0.00
Adjusted Balance:	\$19,272.33
Book Balance:	\$19,272.33
Difference:	\$0.00

BREVARD ACADEMY

Bank Reconciliation Summary

Bank: 1ST BNK MM - FIRST BANK MONEY MARKET - 9079
Statement Ending Date: 09/30/2026

Statement Balance:	\$54,404.64
Outstanding Checks:	\$0.00
Outstanding Deposits:	\$0.00
Adjusted Balance:	\$54,404.64
Book Balance:	\$54,404.64
Difference:	\$0.00

Coversheet

Treasurer's Report for BOD

Section:	III. New Business
Item:	B. Treasurer's Report for BOD
Purpose:	Discuss
Submitted by:	
Related Material:	Management Representation Letter.pdf Drafted Financial Statements.pdf

Rebekah Barr, CPA PC
2505 B Nash Street NW
Wilson, NC 27896

This representation letter is provided in connection with your audit of the financial statements of Brevard Academy, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of today, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 4, 2026, including our responsibility for the preparation and fair presentation of financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related

parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter, if applicable. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the School is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the School's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 22) The School has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have appropriately identified, recorded and disclosed all leases in accordance with GASB No. 87.
- 25) We have appropriately disclosed or recognized conduit debt obligations and/or certain arrangements associated with conduit debt obligations in accordance with GASB No. 91.
- 26) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal and state awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and state awards.
- 31) The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The School has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44) We have appropriately disclosed the School's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, or assigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the Management Discussion and Analysis and the Schedule of federal and state awards:
 - a) We acknowledge our responsibility for presenting the Management Discussion and Analysis and the Schedule of federal and state awards in accordance with accounting principles generally

accepted in the United States of America, and we believe the Management Discussion and Analysis and the Schedule of federal and state awards, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Management Discussion and Analysis and the Schedule of federal and state awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

48) With respect to state award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal and state awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal and state awards (SEFA) in accordance with the requirements of Uniform Guidance §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with Uniform Guidance §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to federal and state programs and related activities.
- g) We have received no requests from a state agency to audit one or more specific programs as a major program.
- h) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *Uniform Guidance Compliance Supplement*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of state awards.

- i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- q) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to state awards in accordance with applicable cost principles.
- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by Uniform Guidance, if required.
- v) We are responsible for preparing and implementing a corrective action plan for each audit finding.

- w) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signed: _____

Title: _____

(Approval Date)

1:27 PM

10/09/26

Accrual Basis

Brevard Academy -- State Fund

Adjusting Journal Entries

July 2025 through June 2026

Date	Num	Memo	Account	Debit	Credit
06/30/2026	CPA#1	relaying to capital outlay relaying to capital outlay	5110462 · Non-Cap Computer Har... 9100000 · Capital Outlay	15,685.00	15,685.00
				15,685.00	15,685.00
06/30/2026	CPA#2	moving cash from state to l... moving cash from state to l...	1120000 · Accounts Receivable-Lo... 1011000 · Cash OP BB&T 7550	27,819.55	27,819.55
				27,819.55	27,819.55
TOTAL				43,504.55	43,504.55

1:30 PM

10/09/26

Accrual Basis

Brevard Academy -- Local Fund

Adjusting Journal Entries

July 2025 through June 2026

Date	Num	Memo	Account	Debit	Credit
06/30/2026	CPA#1	Relaying to capital outlay	5110462 · Non-Cap Computer Ha...		111,530.00
		Relaying to capital outlay	5110541 · Purchase of Instruction...		94,803.51
		Relaying to capital outlay	6400461 · Non Cap Inst Equipment		95,432.80
		Relaying to capital outlay	6580422 · Repair Parts and Mater...		60,410.00
		Relaying to capital outlay	6550551 · Purchase of Bus		346,868.83
		Relaying to capital outlay	6580532 · Improvements to Existi...		79,554.09
		Relaying to capital outlay	9100000 · Capital Outlay	788,599.23	
				788,599.23	788,599.23
06/30/2026	CPA#2	moving cash from state to local	1011000 · Cash OP WEFA 9713	27,819.55	
		moving cash from state to local	1120000 · Accounts Receivable - ...		27,819.55
				27,819.55	27,819.55
TOTAL				816,418.78	816,418.78

FINANCIAL STATEMENTS

BREVARD ACADEMY

PISGAH FOREST, NORTH CAROLINA

JUNE 30, 2026

DRAFT

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FINANCIAL SECTION

BREVARD ACADEMY

PISGAH FOREST, NORTH CAROLINA

JUNE 30, 2026

DRAFT

Independent Auditor's Report

Board of Directors
Brevard Academy
Pisgah Forest, North Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Brevard Academy, North Carolina, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Brevard Academy, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Brevard Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-14 and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 44 through 50, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brevard Academy's basic financial statements. The accompanying budgetary schedules and the schedule of expenditures of federal and state awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXX, on our consideration of Brevard Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brevard Academy's internal control over financial reporting and compliance.

Rebekah Barr, CPA PC
 Certified Public Accountant
 Wilson, North Carolina

XXXX

Exhibit 1

Brevard Academy
Statement of Net Position
June 30, 2026

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 319,803	\$ 81,245	\$ 401,048
Cash - restricted	133,722	-	133,722
Due from other governments	246,044	-	246,044
Accounts receivable - trade	-	-	-
Net OPEB asset	-	-	-
Prepaid expenses	45,880	-	45,880
Security deposits	-	-	-
Capital assets:			
Land, improvements, and construction in progress	766,280	-	766,280
Other capital assets, net of depreciation	6,139,555	-	6,139,555
Total capital assets	6,905,835	-	6,905,835
Total assets	7,651,284	81,245	7,732,529
DEFERRED OUTFLOWS OF RESOURCES	1,949,447	-	1,949,447
LIABILITIES			
Accounts payable - trade	38,217	-	38,217
Short term notes payable	-	-	-
Long-term liabilities:			
Net pension liability	1,910,775	-	1,910,775
Net OPEB liability	2,925,279	-	2,925,279
Due within one year	172,286	-	172,286
Due in more than one year	6,282,655	-	6,282,655
Total liabilities	11,329,212	-	11,329,212
DEFERRED INFLOWS OF RESOURCES	2,242,580	-	2,242,580
NET POSITION			
Net investment in capital assets	450,894	-	450,894
Restricted:			
USDA	79,614	-	79,614
State retirement	54,108	-	54,108
Unrestricted	(4,555,677)	81,245	(4,474,432)
Total net position	\$ (3,971,061)	\$ 81,245	\$ (3,889,816)

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

Exhibit 2

Brevard Academy
Statement of Activities
June 30, 2026

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional programs	\$ 5,104,740	\$ -	\$ 291,267	\$ -	\$ (4,813,473)	\$ -	\$ (4,813,473)
Athletics, arts and clubs	121,102	-	-	-	(121,102)	-	(121,102)
Support services	1,808,195	-	-	-	(1,808,195)	-	(1,808,195)
Community services	116,381	-	-	-	(116,381)	-	(116,381)
Interest on debt	159,975	-	-	-	(159,975)	-	(159,975)
Total governmental activities	7,310,393	-	291,267	-	(7,019,126)	-	(7,019,126)
Business-type activities:							
School food service	-	-	-	-	-	-	-
Before and after school fund	41,070	42,551	-	-	-	1,481	1,481
Total business-type activities	41,070	42,551	-	-	-	1,481	1,481
Total primary government	\$ 7,351,463	\$ 42,551	\$ 291,267	\$ -	(7,019,126)	1,481	(7,017,645)
General revenues:							
Unrestricted county appropriations					1,618,057	-	1,618,057
Unrestricted State appropriations					3,780,480	-	3,780,480
Unrestricted Federal appropriations					371,623	-	371,623
Unrestricted fines and forfeitures					52	-	52
Donations - general					40,812	-	40,812
Non-capital OPEB Contributions					39	-	39
Miscellaneous, unrestricted					611,720	-	611,720
Transfers					-	-	-
Total general revenues, special items, and transfers					6,422,783	-	6,422,783
Change in net position					(596,343)	1,481	(594,862)
Net position-beginning					(3,374,718)	79,764	(3,294,954)
Net position-ending					\$ (3,971,061)	\$ 81,245	\$ (3,889,816)

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

Exhibit 3

**Brevard Academy
Balance Sheet
Governmental Funds
June 30, 2026**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	
ASSETS				
Cash and cash equivalents	\$ 319,803	\$ -	\$ -	\$ 319,803
Cash - restricted	133,722	-	-	133,722
Due from other governments	246,044	-	-	246,044
Accounts receivable - other	-	-	-	-
Prepaid items	45,880	-	-	45,880
Security deposits	-	-	-	-
Total assets	745,449	-	-	745,449
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable - trade	38,217	-	-	38,217
Short term note payable	-	-	-	-
Total liabilities	38,217	-	-	38,217
DEFERRED INFLOWS OF RESOURCES	650	-	-	650
Fund balances:				
Nonspendable:				
Prepaid items	45,880	-	-	45,880
Restricted:				
USDA	79,614	-	-	79,614
State retirement	54,108	-	-	54,108
Unassigned	526,980	-	-	526,980
Total fund balances	706,582	-	-	706,582
Total liabilities, deferred inflows of resources, and funds balances	\$ 745,449	\$ -	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,905,835
Net OPEB asset	-
Deferred outflows of resources related to pensions	663,007
Deferred outflows of resources related to OPEB	1,286,440
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	-
Net pension liability	(1,910,775)
Net OPEB liability	(2,925,279)
Notes payable	(6,454,941)
Deferred inflows of resources related to pensions	(174,214)
Deferred inflows of resources related to OPEB	(2,067,716)
Net position of governmental activities	\$ (3,971,061)

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

Exhibit 4

Brevard Academy
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2026

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	
Revenues				
State of North Carolina	\$ 74,565	\$ 3,705,915	\$ -	\$ 3,780,480
Local education agencies	1,618,057	-	-	1,618,057
U.S. Government	371,623	-	291,267	662,890
Fines and forfeitures	52	-	-	52
Contributions and donations	40,812	-	-	40,812
Other grants	-	-	-	-
Other	611,720	-	-	611,720
Total revenues	2,716,829	3,705,915	291,267	6,714,011
EXPENDITURES				
Current:				
Instructional programs	1,256,135	3,150,794	291,267	4,698,196
Athletics, arts and clubs	92,810	28,292	-	121,102
Support services	1,212,316	511,144	-	1,723,460
Community services	116,381	-	-	116,381
Capital outlay	788,600	15,685	-	804,285
Debt service:				
Principal	136,825	-	-	136,825
Interest and other charges	159,975	-	-	159,975
Total expenditures	3,763,042	3,705,915	291,267	7,760,224
Excess (deficiency) of revenues over expenditures	(1,046,213)	-	-	(1,046,213)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	-	-
Proceeds from debt	276,119	-	-	276,119
Total other financing sources (uses)	276,119	-	-	276,119
Net change in fund balance	(770,094)	-	-	(770,094)
Fund balances-beginning	1,476,676	-	-	1,476,676
Fund balances-ending	\$ 706,582	\$ -	\$ -	\$ 706,582

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

Exhibit 5

Brevard Academy
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statements of Activities
For the Year Ended June 30, 2026

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

Net changes in fund balances - total governmental funds	\$ (770,094)
Change in fund balance due to change in reserve for inventory	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	465,345
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	432,610
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities	186,775
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Non-capital OPEB Contributions	39
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(139,294)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(426,718)
OBEP expense	(345,008)
Compensated absences	-
Rounding adjustment	2
Total changes in net position of governmental activities	<u><u>\$ (596,343)</u></u>

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

Exhibit 6

**Brevard Academy
Statement of Net Position
Proprietary Fund
June 30, 2026**

	Enterprise Fund
	Total
	Non-Major Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 81,245
Due from other governments	-
Accounts receivable - trade	-
Inventories	-
Total current assets	<u>81,245</u>
Noncurrent assets:	
Capital assets:	
Kitchen equipment, net	-
Computer equipment, net	-
Total noncurrent assets	<u>-</u>
Total assets	<u><u>\$ 81,245</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable trade	\$ -
Total current liabilities	<u>-</u>
Long-term liabilities:	
Net pension liability	-
Total long-term liabilities	<u>-</u>
Total liabilities	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Net investment in capital assets	-
Unrestricted	81,245
Total net position	<u><u>\$ 81,245</u></u>

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

Exhibit 7

Brevard Academy
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
June 30, 2026

	Enterprise Fund
	Total
	Non-Major Funds
OPERATING REVENUES	
Food sales	\$ -
After school care	42,551
Total operating revenues	<u>42,551</u>
OPERATING EXPENSES	
Contracted services	-
Food purchases	2,319
Salary and related costs	38,751
Supplies and materials	-
Depreciation expense	-
Total operating expenses	<u>41,070</u>
Operating income (loss)	<u>1,481</u>
NONOPERATING REVENUES (EXPENSES)	
Federal reimbursements	-
Total nonoperating revenue (expenses)	<u>-</u>
Income (loss) before contributions and transfers	1,481
Capital contributions	-
Transfers (to) from other funds	-
Change in net position	<u>1,481</u>
Total net position - beginning	79,764
Total net position - ending	<u><u>\$ 81,245</u></u>

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

Exhibit 8

**Brevard Academy
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2026**

	Enterprise Fund
	Total
	Non-Major Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 42,551
Cash paid to employees for services	(38,751)
Cash paid for goods and services	(2,319)
Net cash provided (used) by operating activities	<u>1,481</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	-
Transfer (to) from other funds	-
Net cash provided (used) by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	-
Acquisition of capital assets	-
Net cash (used) by capital and related financing	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,481
Balances-beginning of the year	<u>79,764</u>
Balances-end of the year	<u><u>\$ 81,245</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 1,481
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	-
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
Increase (decrease) in accounts payable and accrued liabilities	-
(Increase) decrease in deferred outflows of resources for pension plan contributions in current fiscal year	-
Total adjustments	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,481</u></u>

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

**Brevard Academy, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2026**

I. Summary of Significant Accounting Policies

The accounting policies of Brevard Academy, North Carolina (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities. Because of the authority of the State Board of Education (SBE) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C218.95 with all net assets purchased with the public funds reverting to a local education agency (G.S. 115C218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Brevard Academy is a North Carolina non-profit corporation incorporated in October 1997. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Brevard Academy has been approved to operate Brevard Academy a public school serving approximately 423 students. The School operates under an approved charter received from the SBE and applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA) and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2028 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter.

B. Basis of Presentation

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

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

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

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

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

The School reports the following major governmental funds:

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

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

The School reports the following nonmajor governmental fund:

Federal Grants Fund. The Federal Grants Fund is used to account for the Federal moneys that are passed through the State Department of Public Instruction to the School.

The School reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

Before and After School Fund. The Before and After School Fund is used to account for the after-school program within the school system.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgetary Data

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

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the School at June 30, 2026. All appropriations lapse at year end.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. Deposits and Investments

All deposits of the School are made in a local bank, whose accounts are FDIC insured. Also, the School has established time deposit accounts such as money market accounts.

2. Cash and Cash Equivalents

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

3. Capital Assets

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

It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Vehicles	7
Equipment	3-5
Furniture and Fixtures	5-10
Buildings	30
Building Improvements	15
Leasehold Improvements	20
Land Improvements	15

4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has several items that meet this criterion – pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has several items that meet this criterion – pension and OPEB related deferrals.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

6. Compensated Absences

Employees accumulate vacation pay. The sick leave policy of the School provides for an unlimited accumulation of earned sick leave and is paid out in June of each year. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

7. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of inventories, which are not spendable resources.

Prepaid Items- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid rent on the school facility which is not a spendable resource.

Restricted Fund Balance –This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance –portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – portion of fund balance that Brevard Academy intends to use for specific purposes.

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

Brevard Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly

unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

8. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

9. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$173,751 consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the Statement of Activities.	\$ 804,285
Depreciation expense that is recorded on the Statement of Activities but not in the fund statements.	(338,940)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	432,610
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities.	186,775
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, government funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(139,294)
OPEB non capital contributions	39
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(426,718)
OPEB expense	(345,008)
Rounding adjustment	2
Total	<u>\$ 173,751</u>

F. Revenues, Expenditures, and Expenses

1. Funding

Brevard Academy is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which

the school is located (i.e. Transylvania Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2026, Brevard Academy received funding from the Boards of Education for Buncombe (\$24,591), Henderson (\$384,298), and Transylvania (\$1,209,237) Counties.

Furthermore, Brevard Academy has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of general operations.

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of (\$4,677,643) between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column.)	\$ 9,260,094
Less accumulated depreciation	(2,354,259)
Pension related deferred outflows of resources	663,007
OPEB related deferred outflows of resources	1,286,440
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Notes payable	(6,454,941)
Net pension liability	(1,910,775)
Net OPEB liability	(2,925,279)
Deferred inflows of resources related to pensions	(174,214)
Deferred inflows of resources related to OPEB	<u>(2,067,716)</u>
Total adjustment	<u>\$ (4,677,643)</u>

G. Use of Estimates and Assumptions

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

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

B. Deficit Fund Balance or Net position of Individual Funds

The Schools government wide financial statements present a deficit net position of \$3,971,061 due to the pension and OPEB related accruals.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2026, the School had deposits with banks and savings and loans with a carrying amount of \$534,770. The bank balance with the financial institutions was \$668,963, of which \$250,000 was covered by Federal Depository Insurance. The remaining \$418,963 was a credit risk at June 30, 2026. The School does not have a deposit policy for custodial credit risk.

2. Capital Assets

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

	Beginning	Increases	Decreases	Ending
Governmental activities:				
Capital assets being depreciated:				
Land	\$ 700,000	\$ -	\$ -	\$ 700,000
Construction in progress	66,280	-	-	66,280
Total capital assets being depreciated	766,280	-	-	766,280
Capital assets being depreciated:				
Buildings	\$ 6,300,000	\$ -	\$ -	\$ 6,300,000
Building improvements	253,793	96,369	-	350,162
Land improvements	212,403	-	-	212,403
Vehicles	281,155	295,567	-	576,722
Furniture and fixtures	119,835	-	-	119,835
Equipment	522,343	412,349	-	934,692
Total capital assets being depreciated	7,689,529	804,285	-	8,493,814
Less accumulated depreciation for:				
Buildings	1,050,000	210,000	-	1,260,000
Building improvements	222,680	4,324	-	227,004
Land improvements	103,516	14,160	-	117,676
Vehicles	93,829	55,127	-	148,956
Furniture and fixtures	105,696	10,170	-	115,866
Equipment	439,598	45,159	-	484,757
Total accumulated depreciation	2,015,319	\$ 338,940	\$ -	2,354,259
Capital assets being depreciated, net	5,674,210			6,139,555
Governmental activities capital assets, net	\$ 6,440,490			\$ 6,905,835

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 254,205
Supporting services	84,735
	<u>\$ 338,940</u>

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR

includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2026, was 17.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$432,610 for the year ended June 30, 2026.

Refunds of Contributions – Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, the Board reported a liability of \$1,910,775 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected

future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2026 and 2025 the Board's proportion was .01625% and .01569%, respectively.

For the year ended June 30, 2026, the Board recognized pension expense of \$426,718. At June 30, 2026, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 226,499	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	61,458
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,898	112,756
Board contributions subsequent to the measurement date	432,610	-
	<u>\$ 663,007</u>	<u>\$ 174,214</u>

\$432,610 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2027	\$ 349,904
2028	(62,143)
2029	(137,038)
2030	(94,540)
Therafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2020. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity

risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2023 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$ 3,998,830	\$ 1,910,775	\$ 189,198

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Employment Benefits

1. Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2024-57 repeals retiree medical benefits for employees first hired January 1, 2026. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2026, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2026 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the

Appropriations Bill. For the current fiscal year, the Board contributed 7.14% of covered payroll which amounted to \$185,008.

At June 30, 2026, Board reported a liability of \$2,934,565 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. The total OPEB liability was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2026 and 2025, the Board's proportion was 0.01335% and 0.01214%, respectively.

\$185,008 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2027	\$ (234,800)
2028	(57,207)
2029	(106,727)
2030	(264,367)
Therafter	-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.50%
Salary increases based on service	3.25% to 8.05% which includes a 3.25% inflation and productivity factor.
Investment rate of return	6.50%
Healthcare cost trend rates	
Medical	6.00% grading down to 5.00% by 2026 for non-MA and MA coverage
Prescription drug	9.50% grading down to 5.00% by 2030
Administrative costs	3.00%
Post-Retirement Mortality Rates	The Plan uses Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Board's proportionate share	\$ 3,452,242	\$ 2,934,565	\$ 2,510,109

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.00 Admin Expenses)	1% Increase in Trend Rates
Board's proportionate share	\$ 2,445,463	\$ 2,934,565	\$ 3,550,632

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

2. Disability Benefits

Plan description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically

disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2026, employers made a statutory contribution of 0.07% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$1,767 for the year ended June 30, 2026.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB

At June 30, 2026, Board reported an asset of \$9,286 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2024. The total OPEB asset was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2026 and 2025, the Board's proportion was 0.01304% and 0.01335%, respectively.

\$1,767 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2027	\$	(3,459)
2028		(1,336)
2029		(148)
2030		72
2031		-
Therafter		-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's

proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Board's proportionate share	\$ (8,840)	\$ (9,286)	\$ (9,758)

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2024 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2025. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major liability class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target liability allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major liability class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	100%	

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources of Related to OPEB

Following is information related to the proportionate share and pension expense:

	RHBF	DIPNC	Total
OPEB Expense	\$ 45,485	\$ (555)	\$ 44,930
OPEB Liability (Asset)	2,934,565	(9,286)	2,925,279
Proportionate share of the net OPEB liability (asset)	0.01335%	0.01421%	

Deferred of Outflows of Resources

Differences between expected and actual experience	23,682	1,450	25,132
Changes of assumptions	785,237	-	785,237
Net difference between projected and actual earnings on plan investments	5,329	1,143	6,472
Changes in proportion and differences between Board contributions and proportionate share of contributions	282,070	754	282,824
Board contributions subsequent to the measurement date	185,008	1,767	186,775

Deferred of Inflows of Resources

Differences between expected and actual experience	-	4,235	4,235
Changes of assumptions	1,547,841	1,205	1,549,046
Net difference between projected and actual earnings on plan investments	211,578	-	211,578
Changes in proportion and differences between Board contributions and proportionate share of contributions	300,076	2,781	302,857

2. Deferred Inflows/Outflows of Resources

The balance in deferred inflows and outflows of resources at year-end is composed of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 251,631	\$ 4,235
Changes of assumptions	785,237	1,549,046
Net difference between projected and actual earnings on pension plan investments	6,472	273,036
Changes in proportion and differences between Board contributions and proportionate share of contributions	286,722	415,613
Board contributions subsequent to the measurement date	619,385	
Deferred revenues	-	650
	<u>\$ 1,949,447</u>	<u>\$ 2,242,580</u>

3. Risk Management

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

The School also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the School are eligible to receive health care benefits up to a \$2 million lifetime limit. In addition, employees have the option of receiving health care benefits through one of the available health maintenance organizations (HMOs). The School pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan and makes an equal contribution for employees enrolled in one of the available HMO plans [G.S.115C-238.29F(e)(4)].

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.

4. Long-Term Obligation

a.) Note Payable

On June 23, 2020 the School entered into a direct placement agreement to finance the purchase of the School and land in the amount of \$7,000,000 plus 2.375% interest. The property is pledged as collateral for debt while the debt is outstanding. The School has an annual payment of \$296,800 beginning on June 23, 2023 and a lump sum repayment during the year ended June 30, 2055.

On February 19, 2026 the School entered into a direct placement agreement to finance expansion at the School in the amount of \$2,500,000 plus 4.75% interest. The property is pledged as collateral for debt while the debt is outstanding. The School has an annual payment of \$140,742 for forty years beginning on February 19, 2027. The School has drawn \$276,119 on this loan as of June 30, 2026. The future maturities presented below include the total note balance of \$2,500,000.

Future maturities for the note are due as follows:

	Principal	Interest	Total
For fiscal year ended June 30, 2027	\$ 172,286	\$ 265,256	\$ 437,542
For fiscal year ended June 30, 2028	176,900	260,642	437,542
For fiscal year ended June 30, 2029	181,648	255,894	437,542
For fiscal year ended June 30, 2030	186,535	251,007	437,542
For fiscal year ended June 30, 2031	191,566	245,976	437,542
For fiscal years ended June 30, 2032 - 2036	1,038,641	1,149,069	2,187,710
For fiscal years ended June 30, 2037 - 2041	1,188,816	998,894	2,187,710
For fiscal years ended June 30, 2042 - 2046	1,363,130	824,580	2,187,710
For fiscal years ended June 30, 2047 - 2051	1,566,016	621,694	2,187,710
For fiscal years ended June 30, 2052 - 2056	1,513,205	387,687	1,900,892
For fiscal years ended June 30, 2057 - 2061	486,516	217,194	703,710
For fiscal years ended June 30, 2062 - 2066	613,563	90,147	703,710
Totals	\$ 8,678,822	\$ 5,568,040	\$ 14,246,862

b. Changes in General Long-Term Obligations

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

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026	Current Portion
Governmental activities:					
Notes payable direct borrowing 1	\$ 6,315,647	\$ -	\$ 136,825	\$ 6,178,822	\$ 150,294
Notes payable direct borrowing 2	-	276,119	-	276,119	21,992
Net pension liability	2,324,737	-	413,962	1,910,775	-
Net OPEB liability	4,125,221	-	1,199,942	2,925,279	-
Total	\$ 12,765,605	\$ 276,119	\$ 1,750,729	\$ 11,290,995	\$ 172,286

c. Fund Balance

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

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

Total fund balance	\$706,582
Less:	
Prepaid Items	45,880
Restricted: USDA	79,614
Restricted: State Retirement	54,108
Remaining Fund Balance	\$526,980

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Subsequent Events

The School has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The School has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

Required Supplemental Financial Data

- Schedule of the Board's Proportionate Share of Net Pension Liability for Teachers' and State Employees' Retirement System
- Schedule of Board Contributions to Teachers' and State Employees' Retirement System
- Schedule of the Board's Proportionate Share of Net OPEB Liability for Retiree Health Benefit Fund
- Schedule of Board Contributions to Retiree Health Benefit Fund
- Schedule of the Board's Proportionate Share of Net OPEB Asset for Disability Income Plan of North Carolina
- Schedule of Board Contributions to Disability Income Plan of North Carolina

Statement 1

Brevard Academy
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years *

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.01625%	0.01569%	0.01469%	0.01941%	0.01810%	0.01852%	0.01726%	0.01743%	0.01637%	0.01459%
Board's proportionate share of the net pension liability (asset)	\$ 1,910,775	\$ 2,324,737	\$ 2,449,114	\$ 2,880,878	\$ 847,551	\$ 2,237,586	\$ 1,789,337	\$ 1,735,346	\$ 1,298,868	\$ 1,456,779
Board's covered-employee payroll	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325	\$ 1,210,422
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.39%	98.86%	109.69%	133.22%	41.46%	118.47%	113.87%	108.82%	85.89%	120.35%
Plan fiduciary net position as a percentage of the total pension liability	88.82%	85.35%	82.97%	94.86%	94.86%	85.98%	92.01%	87.61%	89.51%	87.32%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Statement 2

Brevard Academy
Schedules of Board Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years *

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 432,610	\$ 404,118	\$ 414,814	\$ 388,066	\$ 324,652	\$ 294,720	\$ 238,463	\$ 193,491	\$ 170,103	\$ 153,000
Contributions in relation to the contractually required contribution	432,610	404,118	414,814	388,066	324,652	294,720	238,463	193,491	170,103	153,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 2,523,980	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325
Contributions as a percentage of covered-employee payroll	17.14%	16.79%	17.64%	17.38%	15.01%	14.42%	12.63%	12.31%	10.67%	10.12%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Statement 3

Brevard Academy
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Retiree Health Benefit Fund
Last Ten Fiscal Years *

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.01335%	0.01214%	0.01302%	0.01310%	0.01280%	0.01300%	0.01060%	0.01020%	0.01155%	0.00940%
Board's proportionate share of the net pension liability (asset)	\$ 2,934,565	\$ 4,129,771	\$ 3,470,571	\$ 3,109,997	\$ 3,941,120	\$ 3,614,066	\$ 3,365,116	\$ 3,470,685	\$ 3,788,251	\$ 4,079,205
Board's covered-employee payroll	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325	\$ 1,210,422
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121.92%	175.62%	155.43%	143.82%	192.80%	191.35%	214.15%	217.64%	250.49%	337.01%
Plan fiduciary net position as a percentage of the total pension liability	16.18%	9.79%	10.73%	10.58%	7.72%	6.92%	4.40%	4.40%	3.52%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Statement 4

**Brevard Academy
Schedules of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years ***

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 185,008	\$ 168,242	\$ 167,901	\$ 153,842	\$ 153,962	\$ 133,202	\$ 118,956	\$ 98,714	\$ 95,466	\$ 85,851
Contributions in relation to the contractually required contribution	185,008	168,242	167,901	153,842	153,962	133,202	118,956	98,714	95,466	85,851
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 2,523,980	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325
Contributions as a percentage of covered-employee payroll	7.33%	6.99%	7.14%	6.89%	7.12%	6.52%	6.30%	6.28%	5.99%	5.68%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Statement 5

Brevard Academy
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
Disability Income Plan of North Carolina
Last Ten Fiscal Years *

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.01421%	0.01382%	0.01304%	0.01580%	0.01210%	0.01290%	0.01010%	0.01260%	0.01152%	0.01320%
Board's proportionate share of the net pension liability (asset)	\$ (9,286)	\$ (4,550)	\$ 3,468	\$ 4,694	\$ (1,983)	\$ (6,326)	\$ (4,375)	\$ (3,824)	\$ (7,041)	\$ (6,409)
Board's covered-employee payroll	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325	\$ 1,210,422
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(0.39%)	(0.19%)	0.16%	0.22%	(0.10%)	(0.33%)	(0.28%)	(0.24%)	(0.47%)	(0.53%)
Plan fiduciary net position as a percentage of the total pension asset	132.29%	114.99%	90.61%	105.18%	105.18%	115.57%	116.47%	108.47%	116.23%	116.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Statement 6

**Brevard Academy
Schedules of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years ***

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 1,767	\$ 3,129	\$ 2,587	\$ 2,233	\$ 2,074	\$ 1,795	\$ 1,839	\$ 2,204	\$ 2,209	\$ 2,543
Contributions in relation to the contractually required contribution	1,767	3,129	2,587	2,233	2,074	1,795	1,839	2,204	2,209	2,543
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 2,523,980	\$ 2,406,900	\$ 2,351,555	\$ 2,232,830	\$ 2,162,431	\$ 2,044,104	\$ 1,888,710	\$ 1,571,417	\$ 1,594,679	\$ 1,512,325
Contributions as a percentage of covered-employee payroll	0.07%	0.13%	0.11%	0.10%	0.10%	0.09%	0.10%	0.14%	0.14%	0.17%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

NON-MAJOR FUNDS

Federal Grants Fund -	This fund is used to account for the federal moneys that are passed through the State Department of Public Instruction to the school.
School Lunch Fund -	This fund is used to account for providing the students with lunches.
Before & After School Fund -	This fund is used to account for the before and after school care of students that attend the school.

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Statement 7

Brevard Academy
Non-major Governmental Fund
Balance Sheet
June 30, 2026

	Special Revenue Funds
Assets	
Cash and cash equivalents	\$ -
Due from other governments	-
Total assets	<u>\$ -</u>
Liabilities and Fund Balances	
Liabilities	
Accrued salaries and wages payable	\$ -
Deferred revenue	-
Total liabilities	<u>-</u>
Fund balances-unreserved	-
Total liabilities and fund equity	<u>\$ -</u>

Statement 8

Brevard Academy
Non-major Governmental Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2026

	Special Revenue Funds
	Totals 2026
Revenues:	
U.S. Government	
Title 1 Basic Funding	\$ 108,957
Supporting Effective Instruction	18,577
Student Support and Academic Achieve	10,262
Rural and Low-Income Schools	15,856
English Language Acquisition Grants	132
Idea VI-B Preschool	84
Idea VI-B Handicapped	83,515
Risk Pool	53,884
Total	291,267
Donations	-
Other	-
Total	-
Total Revenues	291,267
Expenditures:	
Current	
Instructional programs:	
Regular programs	-
Special programs	137,483
Alternative programs	153,784
School-based support services	-
Total	291,267
Support services:	
Special population	-
Total	-
Non-programmed charges:	
Capital outlay	-
Total	-
Total expenditures	291,267
Revenues over expenditures	-
Fund balances:	
Beginning of year, July 1	-
End of year, June 30	\$ -

Statement 9

Brevard Academy
Combining Statement of Net Position
Non-major Proprietary Funds
June 30, 2026

	Enterprise Funds		
	Non-Major Funds		Total
	Food Service	Before and After School Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 81,245	\$ 81,245
Due from other governments	-	-	-
Prepays	-	-	-
Inventories	-	-	-
Total current assets	-	81,245	81,245
Noncurrent assets:			
Capital assets:			
Kitchen equipment, net	-	-	-
Computer equipment, net	-	-	-
Total noncurrent assets	-	-	-
Total assets	\$ -	\$ 81,245	\$ 81,245
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable - trade	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Total current liabilities	-	-	-
Long-term liabilities:			
Net pension liability	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET ASSETS			
Net investment in capital assets	-	-	-
Unrestricted	-	81,245	81,245
Total net position	\$ -	\$ 81,245	\$ 81,245

Statement 10

Brevard Academy
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2026

	Enterprise Funds		
	Non-Major Funds		Total
	Food Service	Before and After School Fund	
OPERATING REVENUES			
Food sales	\$ -	\$ -	\$ -
After school care	-	42,551	42,551
Total operating revenues	-	42,551	42,551
OPERATING EXPENSES			
Contracted services	-	-	-
Food purchases	-	2,319	2,319
Salary and related costs	-	38,751	38,751
Supplies and materials	-	-	-
Depreciation expense	-	-	-
Total operating expenses	-	41,070	41,070
Operating income (loss)	-	1,481	1,481
NONOPERATING REVENUES (EXPENSES)			
Federal reimbursements	-	-	-
Total nonoperating revenue (expenses)	-	-	-
Income (loss) before contributions and transfers	-	1,481	1,481
Capital contributions	-	-	-
Transfers (to) from other funds	-	-	-
Change in net position	-	1,481	1,481
Total net position - beginning	-	79,764	79,764
Total net position - ending	\$ -	\$ 81,245	\$ 81,245

Statement 11

Brevard Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2026

	2026		
	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
State of North Carolina	\$ 3,763,660	\$ 3,780,480	\$ 16,820
Boards of Education	1,400,044	1,618,057	218,013
Fines and forfeitures	150	52	(98)
U.S.Government	180,704	662,890	482,186
Business type revenue	50,063	42,551	(7,512)
Contributions and donations	6,000	40,812	34,812
Other grants	-	-	-
Fund balance appropriated	408,410	-	(408,410)
Others	197,728	611,720	413,992
Total revenues	<u>6,006,759</u>	<u>6,756,562</u>	<u>749,803</u>
Expenditures			
Salaries and bonuses	2,682,933	3,084,095	(401,162)
Benefits	1,251,458	1,367,509	(116,051)
Books and supplies	95,900	94,082	1,818
Athletics	24,908	41,736	(16,828)
Office Supplies	48,500	74,908	(26,408)
Technology	95,500	164,405	(68,905)
Equipment and leases	30,400	134,850	(104,450)
Contracted student services	114,500	61,518	52,982
Staff development	38,800	80,475	(41,675)
Administrative services	266,110	387,041	(120,931)
Insurances	60,175	65,486	(5,311)
Rents and debt service	362,223	391,887	(29,664)
Facilities building	267,500	998,729	(731,229)
Facilities grounds	26,479	62,177	(35,698)
Utilities	64,000	68,279	(4,279)
Nutrition and food	69,500	129,773	(60,273)
Transportation and travel	135,000	416,302	(281,302)
Before and after care program	2,500	4,679	(2,179)
School activities expenses	11,750	34,473	(22,723)
Field trip expenses	34,223	43,996	(9,773)
Fundraising expenses	7,000	1,992	5,008
Federal program expenses	19,180	92,902	(73,722)
Total expenditures	<u>5,708,539</u>	<u>7,801,294</u>	<u>(2,092,755)</u>
Other financing sources (uses):			
Federal reimbursements	-	-	-
Proceeds from notes payable	-	276,119	276,119
Total other financing sources	<u>-</u>	<u>276,119</u>	<u>276,119</u>
Excess of revenues over expenditures	<u>\$ 298,220</u>	<u>\$ (768,613)</u>	<u>\$ (1,066,833)</u>

COMPLIANCE SECTION

BREVARD ACADEMY

PISGAH FOREST, NORTH CAROLINA

JUNE 30, 2026

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

Board of Directors
Brevard Academy
Pisgah Forest, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Brevard Academy as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprises Brevard Academy's basic financial statements and have issued our report thereon dated XXXX.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brevard Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brevard Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Brevard Academy's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Compliance and Other Matters

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

Purpose of this report

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

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT

Board of Directors
Brevard Academy
Pisgah Forest, North Carolina

Report on Compliance for Each Major State Program

We have audited Brevard Academy's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2026. Brevard Academy's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major State program.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

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BREVARD ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified
that are not considered to be
material weaknesses?

_____ yes X none reported

Noncompliance material to financial
statements noted

_____ yes X no

State Awards

Internal control over major state programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified
that are not considered to be
material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with State Single
Audit Implementation Act

_____ yes X no

Identification of major state programs:

Program Name

State Public School Funds (PRC036 - Charter School Funds)

BREVARD ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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BREVARD ACADEMY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2026

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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BREVARD ACADEMY
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026

There were no prior year audit findings.

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BREVARD ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL ASSISTANCE LIVING NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Passed Through the North Carolina			
Department of Public Instruction:			
Title 1 Basic Funding	84.010A	PRC 050	\$ 108,957
Supporting Effective Instruction	84.367A	PRC 103	18,577
Student Support and Academic Achieve	84.424A	PRC 108	10,262
Rural and Low-Income Schools	84.358A	PRC 109	15,856
English Language Acquisition Grants	84.365A	PRC 111	132
Special Education Cluster:			
Idea VI-B Preschool	84.027A	PRC 049	84
Idea VI-B Handicapped	84.027A	PRC 060	83,515
Risk Pool	84.027A	PRC 114	53,884
Total Special Education Cluster			137,483
Total US Department of Education			291,267
<u>US Department of Homeland Security</u>			
Passed Through the North Carolina			
Department of Public Safety:			
Federal Emergency Management	97.029	XXXX	371,623
TOTAL FEDERAL CASH ASSISTANCE			662,890
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
Summer Reading Camps		PRC 016	31,902
State Public School Funds		PRC 036	3,667,420
School Safety Grants		PRC 439	14,666
Third Grade Read to Achieve		PRC 046	3,500
Principal and Other Teacher Bonus		PRC 048	3,094
Project SERV		PRC 691	59,899
TOTAL NC STATE CASH ASSISTANCE			3,780,481
TOTAL FEDERAL AND STATE AWARDS			\$ 4,443,371

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Brevard Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2026. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Brevard Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Brevard Academy.

Note 2: Indirect Costs

The School has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting.