THE SAVANNAH CLASSICAL ACADEMY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Holland, Bromley, Barnhill & Brett LLP

Certified Public Accountants and Business Advisors

THE SAVANNAH CLASSICAL ACADEMY, INC.

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Certified Public Accountants and Business Advisors

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Independent Auditor's Report

To the Board of Directors of
The Savannah Classical Academy, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Savannah Classical Academy, Inc. (a nonprofit organization) (the Academy), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Academy adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, "*Financial Instruments - Credit Losses*" during the year ended June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by 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 the 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 the 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.

Report on Summarized Comparative Information

We have previously audited the Academy's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 December 16, 2024, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy's internal control over financial reporting and compliance.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 16, 2024

THE SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

STATEMENTS OF FINANCIAL POSITION

	June 30, 2024	June 30, 2023
ASSETS		
Cash and cash equivalents	$ 2,717,033	$ 2,392,682
Certificates of deposit - current	1,250,000	1,000,000
Accounts receivable	514,464	388,415
Prepaid expenses	59,931	56,333
Total current assets	4,541,428	3,837,430
Certificates of deposit - noncurrent	250,000	500,000
Operating lease right-of-use assets	2,926,278	3,319,597
Property and equipment, net	701,544	591,794
Total assets	$ 8,419,250	$ 8,248,821
LIABILITIES AND NET ASSETS		
Accounts payable and accruals	$ 1,037,435	$ 811,542
Current portion of operating lease liability	408,085	522,584
Total current liabilities	1,445,520	1,334,126
Operating lease liability - net of current portion	2,518,193	2,926,278
Total liabilities	3,963,713	4,260,404
Net assets		
Without donor restrictions		
Undesignated	2,909,210	2,417,711
Board designated	1,500,000	1,500,000
Total without donor restrictions	4,409,210	3,917,711
With donor restrictions	46,327	70,706
Total net assets	4,455,537	3,988,417
Total liabilities and net assets	$ 8,419,250	$ 8,248,821

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

THE SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Without donor restrictions	With donor restrictions	Total all funds 2024	Total all funds 2023
REVENUES AND SUPPORT				
State funding	$ 7,820,820		$ 7,820,820	$ 7,146,573
Federal grants	263,604		263,604	418,027
Other grant funding	487,194		487,194	311,943
Donations and other	83,187	$ 3,263	86,450	27,773
Fundraising	922		922	1,975
Interest	97,278		97,278	13,463
Gifts in-kind income	-		-	104,438
Released from restrictions	27,642	(27,642)	-	-
Total revenues and support	8,780,647	(24,379)	8,756,268	8,024,192
EXPENSES				
Program services	7,829,393		7,829,393	6,825,350
General and administrative	457,077		457,077	517,394
Fundraising	2,678	-	2,678	2,930
Total expenses	8,289,148	-	8,289,148	7,345,674
CHANGE IN NET ASSETS	491,499	(24,379)	467,120	678,518
Net assets - beginning of year	3,917,711	70,706	3,988,417	3,309,899
Net assets - end of year	$ 4,409,210	$ 46,327	$ 4,455,537	$ 3,988,417

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

THE SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Program services	General and administrative	Fundraising	2024 Total	2023 Total
Salaries & wages	$ 5,523,227	$ 60,479	$ -	$ 5,583,706	$ 4,909,932
Classroom	707,736	-	-	707,736	492,123
Rent	403,200	100,800	-	504,000	504,000
Kitchen	258,297	-	-	258,297	222,430
Janitorial	216,396	-	-	216,396	198,733
Utilities	119,281	29,820	-	149,101	136,451
Depreciation	114,761	28,690	-	143,451	130,684
Repairs & maintenance	110,202	27,550	-	137,752	117,025
District funding	90,283	22,571	-	112,854	89,746
Office	46,824	46,825	-	93,649	75,021
Advertising	89,389	-	-	89,389	89,257
Security	59,561	14,890	-	74,451	51,821
Professional services	-	71,670	-	71,670	128,105
Insurance	-	48,287	-	48,287	43,354
Athletics	38,698	-	-	38,698	24,468
Equipment	19,482	-	-	19,482	10,180
Miscellaneous	13,244	3,311	-	16,555	14,586
Travel	10,078	-	-	10,078	3,947
Information technology	7,139	1,785	-	8,924	15,602
Fundraising	-	-	2,678	2,678	2,930
Telephone	1,595	399	-	1,994	2,090
Real estate tax	-	-	-	-	69,251
Gifts in-kind expense	-	-	-	-	9,438
Restricted donations	-	-	-	-	4,500
	$ 7,829,393	$ 457,077	$ 2,678	$ 8,289,148	$ 7,345,674

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

THE SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024	2023
Cash flows from operating activities:		
Change in net assets	$ 467,120	$ 678,518
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	143,451	130,684
Changes in:		
Accounts receivable	(126,049)	(285,163)
Prepaid expenses	(3,598)	(29,291)
Accounts payable and accruals	225,893	144,131
Deferred revenue	-	(13,990)
Operating lease right-of-use asset and liability	(129,265)	129,265
Net cash provided by operating activities	577,552	754,154
Cash flows from investing activities:		
Purchases of property and equipment	(253,201)	(173,794)
Purchases of certificates of deposit	-	(1,500,000)
Net cash used for investing activities	(253,201)	(1,673,794)
Increase (decrease) in cash and cash equivalents	324,351	(919,640)
Cash and cash equivalents - beginning of year	2,392,682	3,312,322
Cash and cash equivalents - end of year	$ 2,717,033	$ 2,392,682

Supplemental disclosure of cash flow information:
No cash was paid during either year for interest or income taxes.

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

NOTE 1 - NATURE OF ORGANIZATION

The Savannah Classical Academy, Inc. (the Academy) is a public charter school that educates children by providing an academically rigorous curriculum using the classical and Core Knowledge Sequence methods. The Academy began school operations with the 2013-2014 academic year. Students from kindergarten through ninth grade were served by the Academy in the 2016-2017 academic year. Tenth grade was added in the 2017-2018 academic year, and eleventh was added in the 2018-2019 academic year. Twelfth grade was added in the 2019-2020 academic year. Pre-kindergarten was added in the 2023-2024 academic year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Academy's financial statements are prepared on the accrual basis of accounting in accordance with the United States generally accepting accounting principles (U.S. GAAP). The Academy is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Restricted and unrestricted revenue and support

Contributions received are recorded as "with donor restrictions" or "without donor restrictions", depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as released from restrictions.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results may differ from these estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

Cash and cash equivalents

The Academy considers cash and cash equivalents to include all cash and money market funds purchased with an original maturity of ninety days or less.

Certificates of deposit

The Academy's certificates of deposit have various maturity dates through May 2026 and are separately reported on the statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for uncollectible receivables

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The allowance for uncollectible receivables is established based on current economic conditions, historical loss experience, specific impaired accounts, reasonable forecasts, and other pertinent factors. As of June 30, 2024 and 2023, an allowance was not deemed necessary. The Academy's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment

Property is recorded at cost, if purchased, or at fair market value, if contributed. The Academy's policy is to capitalize all long-lived assets in excess of $5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from ten to fifteen years for leasehold improvements, and range from three to ten years for computers, software, vehicles, and furniture. Depreciation expense totaled $143,451 and $130,684 for the years ended June 30, 2024 and 2023, respectively.

New accounting pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *"Financial Instruments – Credit Losses"* (Topic 326), which requires entities to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance broadens the information to be considered when measuring credit losses to include forward-looking information, increases usefulness of the financial statements by requiring timely inclusion of forecasted information in forming expectations of credit losses, and aligns the recognition of credit losses with the reporting period in which the changes occur. The Academy implemented this ASU as of and for the year ended June 30, 2024, on a modified-retrospective basis. The adoption of ASU 2016-13 did not have a significant impact on the financial statements. No changes were required to previously reported financial statements as a result of the adoption.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "*Leases*" (Topic 842), which superseded former guidance for accounting for leases under Topic 840, "*Leases*". The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the combined statement of financial position. The Academy adopted this standard effective July 1, 2022 on the modified retrospective basis. The adoption had a material impact on the Academy's statement of financial position but did not have a material impact on the statements of activities or cash flows. Adopting FASB ASC Topic 842 had no impact on prior year financial information.

In September 2020, the FASB issued ASU 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). This standard requires nonprofit organizations to expand financial statement presentation and disclosure of contributed non-financial assets, including in-kind contributions. Adopting this standard for the year ended June 30, 2023 did not have a significant impact on the Academy's financial statements.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied among the programs and supporting services benefited as shown in the statements of functional expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs relate primarily to enrollment registration. Such costs are expensed as incurred and totaled $89,389 and $89,257 for the years ended June 30, 2024 and 2023, respectively.

Income taxes

The Academy is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Academy is no longer subject to examination by taxing authorities for the years before 2020.

The Academy does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. If incurred, the Academy would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Academy has no amounts accrued for interest and penalties as of June 30, 2024 and 2023. Additionally, no interest or penalties were recorded for the years then ended.

In-kind contributions

The Academy's policy related to gifts in-kind is to utilize the assets received to carry out the non-profit mission. If an asset is provided that is not able to be utilized in the normal course of business, the asset will be sold at fair value as determined by current market rates. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. There were no in-kind contributions for the year ended June 30, 2024. During the year ended June 30, 2023, the Academy recognized in-kind contributions of $9,438 for food donated to the Academy's School Nutrition Program, and of $95,000 for a school bus received under the settlement agreement (see Note 11).

Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Academy receives services donated by volunteers, however no amounts have been reflected in the financial statements for those services since the criteria for recognition has not been satisfied.

Comparative data

The amounts shown for the year ended June 30, 2023 in the accompanying financial statements are included to provide a basis for comparison with fiscal year 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent events

Management has evaluated subsequent events through December 16, 2024, the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Academy maintains cash at commercial banks in deposit accounts which are subject to federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to $250,000 per bank. At June 30, 2024 and 2023, the Academy's cash balances exceeded federally-insured limits by $2,465,900 and $2,212,500, respectively. The Academy has not experienced any losses of such funds, and management believes the Academy is not exposed to any significant risks.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consists of the following:

	2024	2023
Leasehold improvements	$ 792,969	$ 559,580
Furniture and equipment	498,053	474,741
Vehicles	126,098	126,098
Construction in progress	-	3,500
	1,417,120	1,163,919
Less - accumulated depreciation	715,576	572,125
Total property and equipment	$ 701,544	$ 591,794

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, amounts restricted by donors of the Academy for a specific purpose or time period are noted below.

	2024	2023
Faculty champion program	$ 14,862	$ 14,862
Athletics	13,807	25,088
Strings	6,879	9,559
Graduating class	4,748	-
Cheerleading club	2,489	8,515
Vending machines	1,594	1,594
Other	913	120
Playground beautification	875	875
Teacher appreciation	160	-
School nutrition program	-	10,664
Lollipop guild	-	(571)
	$ 46,327	$ 70,706

NOTE 6 - BOARD DESIGNATED NET ASSETS

The Director of the Academy, with the approval of the Board of Directors, determines the amounts designated for specific purposes. As of June 30, 2024 and 2023, $1,500,000 was designated for reserves.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Academy's financial assets (cash, certificates of deposit, and receivable balances), as of June 30, 2024 and 2023, reduced by amounts not available for general use because of board-designated or donor-imposed restrictions within one year of year-end. If necessary to meet unexpected liquidity needs or in the event of financial distress, the Board of Directors can approve additional draws on the Academy's board-designated financial assets.

	June 30, 2024	June 30, 2023
Financial assets at year-end	$ 4,731,497	$ 4,281,097
Less those unavailable for general expenditures within one year, due to		
Board designated or donor-imposed restrictions:		
Restricted by Board of Directors with time or purpose restrictions	1,500,000	1,500,000
Restricted by donor with time or purpose restrictions	46,327	70,706
Financial assets available to meet cash needs for general expenditures within one year	$ 3,185,170	$ 2,710,391

NOTE 8 - LEASE COMMITMENTS

Operating lease agreement with related party

The Academy entered into a Build-to-Suit lease non-cancelable agreement with The Savannah Classical Academy at St. Pius, LLC to provide school premises to the Academy. Certain members of The Savannah Classical Academy at St. Pius, LLC purchased an old school building and funded the renovations prior to the Academy occupying this space in August 2014. The members also constructed a new high school building on adjoining land for use by the Academy. The high school building was first occupied for use in the 2016-2017 academic year. The operating lease payments are made using resources available to the Academy through public school per-pupil funding and are scheduled to cover the costs incurred by the members. A related party, The Savannah Classical Academy Foundation, purchased the building in April 2022 and is the current lessor. The operating lease agreement was amended and restated in January 2021 and will expire December 31, 2030. Expense under this operating lease agreement totaled $504,000 for each of the years ended June 30, 2024 and 2023, and is included as rent expense on the statements of functional expenses.

As discussed in Note 2, the Academy adopted "*Leases*" (Topic 842), wherein the Academy recognizes right-of-use assets and operating lease liabilities on the statement of financial position for qualifying operating leases. The Academy assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses the determination if the terms and conditions of the arrangement are changed. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Academy is not reasonably certain that they will exercise the options. Leases with an initial term of twelve months or less are considered short-term under ASC 842 and do not require recognition on the statement of financial position.

NOTE 8 - LEASE COMMITMENTS (CONTINUED)

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the Academy's incremental borrowing rate when an implicit rate is not provided in the lease agreement. Right-of-use assets initially equal the lease liability, adjusted for any lease payments made prior to lease commencement and for any lease incentives.

The Academy's lessee arrangement for school premises described above is subject to ASC 842. The following summarizes the operating lease line items on the statement of financial position as of June 30, 2024:

Operating lease right-of-use assets	$ 2,926,278
Current portion of operating lease liabilities	$ 408,085
Operating lease liabilities - net of current portion	2,518,193
Total operating lease liabilities	$ 2,926,278

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted Average Remaining Lease Term	6.5 years
Weighted Average Discount Rate	3.50%

The maturities of the lease liability as of June 30, 2024 are as follows:

Year ending December 31,	
2025	$ 504,000
2026	504,000
2027	504,000
2028	504,000
2029	504,000
Thereafter	756,001
Total lease payments	3,276,001
Less: Interest	(349,723)
Present value of lease liability	$ 2,926,278

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Academy contributes to a defined benefit plan covering all full-time employees. Employees must contribute 6% of annual compensation. The Academy's contributions are equal to 4% of each participant's annual compensation. For the years ended June 30, 2024 and 2023, the Academy's contributions to the plan totaled $718,165 and $606,432, respectively.

NOTE 10 - RELATIONSHIP WITH SAVANNAH-CHATHAM COUNTY PUBLIC SCHOOL SYSTEM

The Academy is a Start Up Charter School that is governed in accordance with The Charter Schools Act of 1998, which is included in Title 20 of the Georgia Code. The Academy's authorizer under this Act is the Savannah Chatham County Public School System (SCCPSS). The Academy has received multiple five-year charters from the Georgia Department of Education (Ga DOE) and anticipates that it will continue to receive renewals of its charter. The Academy's current charter expires on June 30, 2026 as discussed in Note 11.

According to GA Code section 20-2-2068.1(a), "the local board and the state board shall treat a start-up charter school no less favorably than other local schools within the applicable local system with respect to the provision of funds for instruction, school administration, transportation, food services, and, where feasible, building programs". Funding for public education in Georgia is calculated utilizing the State Quality Basic Education (QBE) Funding formula.

SCCPSS provided $7,523,596 in combined state and local educational funds to the Academy for the year ended June 30, 2024. A 1.5% fee of $112,854 on the Academy's QBE and local calculated funding was withheld from the total combined funding.

Additionally, in 2023 and 2020, SCCPSS distributed 25 HP laptops and 280 Chrome Books, respectively, to the Academy for student use. The laptops and Chrome Books are the assets of SCCPSS and will continue to be serviced by SCCPSS.

NOTE 11 - SETTLEMENT WITH SCCBOE

In September 2022, the Academy and Savannah Chatham County Board of Education (SCCBoE) reached a settlement regarding the 2019 QBE Funding midterm adjustment, in which the Academy would receive reimbursement of certain administrative fees previously collected, a refund of certain funds previously collected by SCCPSS, an allocation of certain additional SCCPSS revenues, and a school bus. The Academy was released from its previously recorded liability related to the fiscal year 2019 midterm adjustment of QBE Funding and its charter contract was extended through June 30, 2026. The liability release was recorded in fiscal year June 30, 2022. The settlement funding was recorded in fiscal year June 30, 2023 and comprised cash of $702,230 and a school bus valued at $95,000 which are included in state funding revenue and gifts in-kind income, respectively, on the statement of activities.

SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor / Cluster Title / Pass-Through Grantor / Program Title	Assistance Listing Number	Pass-through entity's identifying number	Total federal expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through from Georgia Department of Education			
National School Lunch Program	10.555	41400-033-000035897	$ 196,319
Meal Supplement for Afterschool Care Programs	10.555	41400-033-000035897	5,617
Seamless Summer Option	10.555	41400-033-000035897	1,221
School Breakfast Program	10.553	41400-033-000035897	46,554
Supply Chain Assistance Funds	10.555	C7LSTJPMJG43	13,893
Total Child Nutrition Cluster			263,604
Total expenditures of federal awards			$ 263,604

THE SAVANNAH CLASSICAL ACADEMY, INC.
(a not-for-profit Georgia corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEARS ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Academy under programs for the years ended June 30, 2024. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No federal awards were provided to subrecipients.

NOTE 3 - COMPLIANCE MONITORING

The Academy is the subrecipient of child nutrition funding from the Georgia Department of Education (Pass-Through Grantor). The Pass-Through Grantor conducts periodic administrative reviews of the Academy's operating procedures related to this child nutrition funding as a form of monitoring the subrecipient's compliance with federal and state requirements. The most recent administrative review was conducted in April 2022 and all related matters were addressed by the Academy and approved by the Georgia Department of Education during the year ended June 30, 2022. The next review is scheduled to be performed in February 2025.

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

CHRISTOPHER H. HOLLAND, CPA
S. STEWART BROMLEY, CPA
RONNIE A. BARNHILL, JR., CPA
SHANNON L. BRETT, CPA, CFE

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*

To the Board of Directors of
The Savannah Classical Academy, Inc.

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 financial statements of The Savannah Classical Academy, Inc. (a nonprofit organization) (the Academy), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 16, 2024

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

Christopher H. Holland, CPA
S. Stewart Bromley, CPA
Ronnie A. Barnhill, Jr., CPA
Shannon L. Brett, CPA, CFE

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
The Savannah Classical Academy, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited compliance of The Savannah Classical Academy, Inc. (the Academy) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2024. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the 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 federal program. Our audit does not provide a legal determination of the 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 the Academy's federal programs.

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 the 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 exists. 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 the Academy's compliance with the requirements of each major federal 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 the 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 the 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 the 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 the 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 federal 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 federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 were not identified.

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

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

Holland, Bromley, Barnhill & Brett, LLP

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
December 16, 2024

THE SAVANNAH CLASSICAL ACADEMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
• Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on noncompliance for major programs	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Program Name	Assistance Listing Numbers
Child Nutrition Cluster	10.553 and 10.555

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings:

During our audit, we noted no material findings for the year ended June 30, 2024.

Section III - Federal Awards Findings and Questioned Costs:

During our audit, we noted no reportable findings for the year ended June 30, 2024.