

GMCK12, LLC
dba GREER PREPARATORY ACADEMY

Taylors, South Carolina

ANNUAL FINANCIAL REPORT
June 30, 2025

(With Independent Auditors' Report Thereon)

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2025

FINANCIAL SECTION

	<u>Page(s)</u>
Independent Auditors' Report on Financial Statements.....	1-2

FINANCIAL STATEMENTS

Exhibit

Government-Wide Financial Statements

A	Statement of Net Position.....	3
B	Statement of Activities.....	4

Fund Financial Statements

C	Balance Sheet - Governmental Funds.....	5
D	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	6
E	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	7
F	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	8
Notes to the Financial Statements.....		9-16

REQUIRED SUPPLEMENTARY INFORMATION

Schedule

1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	17-19
----------	--	-------

OTHER SUPPLEMENTARY INFORMATION

2	Consolidating Balance Sheet - Governmental Funds - GMCK12, LLC and Greer Preparatory Academy.....	20
3	Consolidating Schedule of Revenues, Expenditures, and Chnages in Fund Balance - GMCK12, LLC and Greer Preparatory Academy.....	21-23

COMPLIANCE SECTION

Independent Auditors' Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	24
---	----



MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
GMCK12, LLC
dba Greer Preparatory Academy
Taylors, South Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of GMCK12, LLC dba Greer Preparatory Academy (“the School”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School’s financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School at June 30, 2025, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 12,554
Restricted cash and cash equivalents	12,854,911
Restricted investments	10,373,374
Interest receivable	36,381
Prepaid items	30,850
Capital assets	7,850,246
Less accumulated depreciation and amortization	-
Total capital assets, net of depreciation	<u>7,850,246</u>
Total assets	<u>31,158,316</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	1,006,755
Due to related party	555,477
Revenue collected in advance	3,930
Long-term liabilities:	
Due within one year - bonds payable	-
Due in more than one year - bonds payable	<u>30,043,803</u>
Total liabilities	<u>31,609,965</u>
<u>NET POSITION (DEFICIT)</u>	
Net investment in capital assets	1,034,728
Restricted	-
Unrestricted net position (deficit)	<u>(1,486,377)</u>
Total net position (deficit)	<u><u>\$ (451,649)</u></u>

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

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 11,369	\$ -	\$ -	\$ (11,369)
Support services	117,191	-	-	(117,191)
Interest and other charges	937,272	-	-	(937,272)
Total governmental activities	1,065,832	-	-	(1,065,832)
Total	\$ 1,065,832	\$ -0-	\$ -0-	(1,065,832)
General revenues:				
				84,958
				270
				521,771
				606,999
				(458,833)
				7,184
				\$ (451,649)

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

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2025

	<u>General</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 12,554
Restricted cash and cash equivalents	12,854,911
Restricted investments	10,373,374
Interest receivable	36,381
Prepaid items	<u>30,850</u>
Total assets	<u><u>\$ 23,308,070</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 998,605
Accrued expenses	8,150
Due to related party	555,477
Unearned revenue	<u>3,930</u>
Total liabilities	<u>1,566,162</u>
Fund balances:	
Nonspendable	30,850
Restricted	23,228,285
Committed	-
Unassigned (deficit)	<u>(1,517,227)</u>
Total fund balances	<u>21,741,908</u>
Total liabilities and fund balances	<u><u>\$ 23,308,070</u></u>

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

**GMCK12, LLC
 dba GREER PREPARATORY ACADEMY
 TAYLORS, SOUTH CAROLINA
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025**

Total fund balance - Governmental Funds	\$	21,741,908
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is \$7,850,246, with no accumulated depreciation.</p>	7,850,246	
<p>Long-term liabilities, including bonds payable and bond premiums, are not due and payable in the current period and, therefore, are not reported in the funds.</p>	<u>(30,043,803)</u>	
Net position (deficit) of Governmental Activities	\$	<u><u>(451,649)</u></u>

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

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General
REVENUES	
Local	\$ 606,999
State	-
Federal	-
Intergovernmental	-
	<u>606,999</u>
Total revenues all sources	<u>606,999</u>
EXPENDITURES	
Current:	
Instruction	4,182
Support services	112,190
Community services	-
Intergovernmental	-
Debt services:	
Redemption of principal	1,650,000
Interest and other charges	930,825
Capital outlay	5,923,249
	<u>8,620,446</u>
Total expenditures	<u>8,620,446</u>
Excess (deficiency) of revenues over expenditures	<u>(8,013,447)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from issuance of bonds	30,000,000
Premium on bonds	44,541
Operating transfers in	-
Operating transfers out	-
	<u>30,044,541</u>
Total other financing sources (uses)	<u>30,044,541</u>
Net changes in fund balance	22,031,094
FUND BALANCE, July 1, 2024	<u>(289,186)</u>
FUND BALANCE, June 30, 2025	<u>\$ 21,741,908</u>

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

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Total net changes in fund balance - Governmental Funds	\$ 22,031,094		
Amounts reported for governmental activities in the Statement of Activities are different because of the following:			
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$5,903,876), less disposals, exceeds depreciation (\$00,000) in the period.	5,903,876		
Bond proceeds and bond premiums provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(30,044,541)		
Payments on long-term debt reduce current financial resources to Governmental Funds, but those payments reduce long-term liabilities in the Statement of Net Position.	1,650,000		
Bond premiums are revenues in the year they are received in the Governmental Funds, but are amortized over the term of the bonds in the Statement of Net Position.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">738</td> </tr> </table>		738
	738		
Change in net position of governmental activities	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ (458,833)</td> </tr> </table>		\$ (458,833)
	\$ (458,833)		

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

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of GMCK12, LLC dba Greer Preparatory Academy (“the School”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

GMCK12, LLC (“GMCK12” or “the School”) is a single member South Carolina LLC, organized in 2023 to develop a school facility and operate as a South Carolina charter school. The School is a charter school under legislation enacted on June 18, 1996. Beginning July 1, 2025, the School will operate as a part of the South Carolina Public Charter School District (“the School District”) for the purposes of state law and state constitution. Because the School District Board of Trustees (“the Board”) may significantly influence operations and the School District will provide substantial financial support, the School’s financial statements will be included in those of the School District as a discretely presented component unit beginning with the fiscal year ending June 30, 2026. The School is located in Greenville County and began operations July 1, 2025.

A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter.

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

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on all of the activities of the School. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers who purchase, use or directly benefit from services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

The School reports the following major governmental funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.
- The Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

When both restricted and unrestricted resources are available for use, it is the government's policy to generally use restricted resources first, then unrestricted resources as they are needed.

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

1) Deposits and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and money market funds. The School's investments consisted of U. S. Treasury Notes at June 30, 2025.

2) Prepaid Items

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

3) Receivables and Payables

During the course of operations, numerous transactions occur between the School, vendors and revenue sources for goods provided or services rendered. Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. All receivables are considered fully collectible; therefore, no allowance has been made for doubtful accounts. Amounts due to individuals, vendors or other governmental units are recorded as payables at year-end.

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

4) Capital Assets

At June 30, 2025, capital assets consisted of construction in progress and land. Capital assets will include furniture and equipment, technology, vehicles, buildings, and land. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. The School has adopted GASB guidance and capitalizes certain types of assets, such as technology equipment, with individual acquisition costs that are less than its threshold, if total acquisition costs in the aggregate are significant. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets will be depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and facilities	20
Technology	5
Vehicles	5
Furniture and equipment	5 - 7

5) Short-term Interfund Receivables and Payables

On Fund Financial Statements, receivables and payables resulting from short-term interfund loans are classified as “due from other funds” or “due to other funds.” These amounts are eliminated in the governmental column of the Statement of Net Position.

6) Unearned Revenue

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

7) Long-term Obligations

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

8) Fund Equity

In Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual Governmental Funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. (The School has \$23,228,285 in funds restricted under terms of its bond agreement.) Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the School’s Board through motions passed at the School’s Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School’s administration. The School has no assigned fund balance amounts.

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Fund Equity, continued

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

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

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

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

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

9) Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

10) Fair Value

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

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

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

10) Fair Value, continued

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

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The School believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

11) Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

III. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

Custodial credit risk for cash and cash equivalents is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina. At June 30, 2025, the School's carrying amount of deposits was \$12,554, all of which was either covered by Federal Deposit Insurance Corporation ("FDIC") or collateralized.

As of June 30, 2025, the School held investments in U. S. Government Treasury Notes with a fair value of \$10,373,374, bearing interest at rates from 3.00% to 5.00%, with maturity dates ranging from July 2025 to June 2026.

At June 30, 2025, the School maintained restricted funds required by its bond financing, including \$2,286,241; \$ 1,876,062; and \$19,065,982 in a debt service reserve fund, capitalized interest fund, and capital project fund, respectively.

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,657,520	\$ -	\$ -	\$ 1,657,520
Construction in progress	281,665	5,911,061	-	6,192,726
	1,939,185	5,911,061	-0-	7,850,246
Governmental Activities capital assets	\$ 1,939,185	\$ 5,911,061	\$ -0-	\$ 7,850,246

The School purchased land and commenced a construction project for its educational campus in the previous year. The amounts expended as on June 30, 2025 are included as construction in progress. The School projects the total cost of its educational facilities, including infrastructure, to be approximately \$26,000,000. The School has signed a contract with a construction contractor for approximately \$20,500,000.

C. Long-Term Debt

Long-term debt consists of the following as of June 30, 2025:

Note payable to South Carolina Jobs-Economic Development Authority, interest payable semi-annually at 6.00% to 6.50% starting December 2025, principal payable annually in installments ranging from \$310,000 to \$4,210,000 starting June 2029 through 2059. The loan is secured by accounts receivable, inventory, equipment, and general revenues.	\$ <u>30,000,000</u>
Total	30,000,000
Less current portion of long-term debt	<u>-</u>
Total long-term debt	\$ <u><u>30,000,000</u></u>

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Long-Term Debt, Continued

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

<u>Year Ending June 30</u>	<u>Bond Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 1,929,112	\$ 1,929,112
2027	-	1,929,112	1,929,112
2028	-	1,929,112	1,929,112
2029	310,000	1,929,112	2,239,112
2030	330,000	1,910,512	2,240,512
2031 - 2035	1,970,000	9,230,660	11,200,660
2036 - 2040	2,660,000	8,544,450	11,204,450
2041 - 2045	3,610,000	7,583,098	11,193,098
2046 - 2050	4,935,000	6,262,748	11,197,748
2051 - 2055	6,765,000	4,435,922	11,200,922
2056 - 2059	9,420,000	2,734,367	12,154,367
	<u>\$ 30,000,000</u>	<u>\$ 48,418,205</u>	<u>\$ 78,418,205</u>

In September 2023, the School borrowed \$1,650,000 on a promissory note from a non-profit organization. The proceeds from this borrowing were used to purchase land for its future school facility. The loan was originally due in September 2024. In August 2024, the loan agreement was amended to extend the due date to November 2024. This loan and accrued interest thereon was paid in full using the proceeds from the bond offering described below.

In December 2024, the School borrowed \$30,000,000 from South Carolina Jobs-Economic Development Authority (“the Authority”) evidenced by a loan agreement. The Authority issued \$30,000,000 Educational Facilities Revenue Bonds Series 2024 in connection with this loan agreement. These tax-exempt bonds pay interest semi-annually at 6.00% to 6.50% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements. The School received a bond premium of \$44,541 on the bond offering. The premiums are being amortized over the term of the bonds. The unamortized bond discount was \$43,803 at June 30, 2025. Under terms of the bonds, the School is required to maintain certain reserve funds. At June 30, 2025, the School maintained restricted funds, including \$2,286,241; \$ 1,876,062; and \$19,065,982 in a debt service reserve fund, capitalized interest fund, and capital project fund, respectively. Bond proceeds were used to establish the restricted accounts, including the capital project fund, and repay the promissory note described above.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Promissory note payable	\$ 1,650,000	\$ -	\$ (1,650,000)	\$ -	\$ -
Bonds payable	-	30,000,000	-	30,000,000	-
Bonds payable	<u>\$ 1,650,000</u>	<u>\$ 30,000,000</u>	<u>\$ (1,650,000)</u>	<u>\$ 30,000,000</u>	<u>\$ -0-</u>

GMCK12, LLC
DBA GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Notes to the Financial Statements
June 30, 2025

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Related Party Transactions

Greer Middle College Charter High School (“GMC”) is the sole member of GMCK12. The School purchased land for its future school facility and entered into a lease agreement with GMC for the temporary use of this property as athletic fields. The lease commenced in September 2023 with a term of twelve months. The agreement called for monthly rental payments of \$10,209. In September 2024 the lease was amended to extend the term through December 31, 2024 at the same monthly rate. The lease was amended again to extend the term at \$3,950 monthly. GMC paid \$84,956 in rental payments during the year ended June 30, 2025. GMC has advanced funds to the School for start-up costs, including preliminary construction-related costs. The School owes \$555,477 to GMC at June 30, 2025, and this balance is included as Due to Related Party in the Statement of Net Position and Balance Sheet – Governmental Funds. GMC serves as a limited guarantor on the School’s bonds outstanding. The guarantee is limited to any funds of GMC not pledged under bond covenants for its existing bond debt.

C. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 17, 2025, the date the financial statements were available to be issued. There were no events requiring recording or disclosure for the year ended June 30, 2025.

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ -	\$ 467,619	\$ 467,619
1530 Gain or loss on sale of investments	-	54,152	54,152
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	-	270	270
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	80,000	84,958	4,958
Total local sources	80,000	606,999	526,999
3000 Revenue from state sources			
Total state sources	-	-	-
Total revenues all sources	80,000	606,999	526,999
EXPENDITURES			
100 Instruction			
110 General instruction			
113 Elementary programs			
300 Purchased services	-	2,832	(2,832)
400 Supplies and materials	-	1,350	(1,350)
500 Capital outlay	-	7,188	(7,188)
Total instruction	-	11,370	(11,370)
200 Support services			
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	-	4,000	(4,000)
300 Purchased services	-	650	(650)
224 Improvement of instruction inserv and staff training			
300 Purchased services	-	1,901	(1,901)

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
230 General administrative services			
231 Board of education			
318 Audit services	\$ -	\$ 8,350	\$ (8,350)
233 School administration			
100 Salaries	-	18,840	(18,840)
200 Employee benefits	-	2,366	(2,366)
300 Purchased services	103,000	25,139	77,861
400 Supplies and materials	1,000	3,757	(2,757)
600 Other objects	100	22	78
250 Finance and operations services			
252 Fiscal services			
100 Salaries	-	18,675	(18,675)
200 Employee benefits	-	871	(871)
300 Purchased services	-	797	(797)
400 Supplies and materials	-	631	(631)
600 Other objects	-	55	(55)
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	5,911,061	(5,911,061)
254 Operation and maintenance of plant			
300 Purchased services	-	110	(110)
260 Central support services			
262 Planning			
100 Salaries	-	1,675	(1,675)
200 Employee benefits	-	546	(546)
300 Purchased services	-	1,657	(1,657)
400 Supplies and materials	-	3,381	(3,381)
600 Other objects	-	540	(540)
266 Technology and data processing services			
100 Salaries	-	18,000	(18,000)
300 Purchased services	-	227	(227)
500 Capital outlay	-	5,000	(5,000)
	<u> </u>	<u> </u>	<u> </u>
Total support services	<u>104,100</u>	<u>6,028,251</u>	<u>(5,924,151)</u>

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
500 Debt services			
610 Redemption of principal	\$ -	\$ 1,650,000	\$ (1,650,000)
620 Interest	18,562	72,395	(53,833)
690 Other objects (includes fees for servicing bonds)	-	858,430	(858,430)
	18,562	2,580,825	(2,562,263)
Total debt services			
	122,662	8,620,446	(8,497,784)
Total expenditures			
OTHER FINANCING SOURCES (USES)			
5000 Sale of bonds	-	30,000,000	30,000,000
5110 Premium on bonds sold	-	44,541	44,541
	-	30,044,541	30,044,541
Total other financing sources (uses)			
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (42,662)	22,031,094	\$ 22,073,756
FUND BALANCE, July 1, 2024		(289,186)	
FUND BALANCE, June 30, 2025		\$ 21,741,908	

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
Consolidating Balance Sheet - Governmental Funds - GMCK12, LLC and Greer Preparatory Academy
June 30, 2025

	<u>GMCK12, LLC</u>	<u>Greer Preparatory Academy</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 12,554	\$ 12,554
Restricted cash and cash equivalents	12,854,911	-	12,854,911
Restricted investments	10,373,374	-	10,373,374
Interest receivable	36,381	-	36,381
Prepaid items	-	30,850	30,850
Intercompany balances	(5,521)	5,521	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>23,259,145</u>	\$ <u>48,925</u>	\$ <u>23,308,070</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 989,147	\$ 9,458	\$ 998,605
Accrued expenses	8,150	-	8,150
Due to related party	400,000	155,477	555,477
Unearned revenue	-	3,930	3,930
	<hr/>	<hr/>	<hr/>
Total liabilities	1,397,297	168,865	1,566,162
Fund balances:			
Nonspendable	-	30,850	30,850
Restricted	23,228,285	-	23,228,285
Committed	-	-	-
Unassigned (deficit)	(1,366,437)	(150,790)	(1,517,227)
	<hr/>	<hr/>	<hr/>
Total fund balances	21,861,848	(119,940)	21,741,908
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ <u>23,259,145</u>	\$ <u>48,925</u>	\$ <u>23,308,070</u>

**GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA
General Fund**

**Consolidating Schedule of Revenues, Expenditures, and Changes in Fund Balance -
GMCK12, LLC and Greer Preparatory Academy
For Fiscal Year Ended June 30, 2025**

	<u>GMCK12, LLC</u>	<u>Greer Preparatory Academy</u>	<u>Total</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 467,619	\$ -	\$ 467,619
1530 Gain or loss on sale of investments	54,152	-	54,152
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	-	270	270
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	84,958	-	84,958
Total local sources	<u>606,729</u>	<u>270</u>	<u>606,999</u>
3000 Revenue from state sources			
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues all sources	<u>606,729</u>	<u>270</u>	<u>606,999</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
113 Elementary programs			
300 Purchased services	-	2,832	2,832
400 Supplies and materials	-	1,350	1,350
500 Capital outlay	-	7,188	7,188
Total instruction	<u>-</u>	<u>11,370</u>	<u>11,370</u>
200 Support services			
220 Instructional staff services			
221 Improvement of instruction curriculum development			
100 Salaries	-	4,000	4,000
300 Purchased services	-	650	650
224 Improvement of instruction inserv and staff training			
300 Purchased services	-	1,901	1,901

GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA

General Fund

Consolidating Schedule of Revenues, Expenditures, and Changes in Fund Balance -
GMCK12, LLC and Greer Preparatory Academy
For Fiscal Year Ended June 30, 2025

	<u>GMCK12, LLC</u>	<u>Greer Preparatory Academy</u>	<u>Total</u>
230 General administrative services			
231 Board of education			
318 Audit services	\$ 8,350	\$ -	\$ 8,350
233 School administration			
100 Salaries	-	18,840	18,840
200 Employee benefits	-	2,366	2,366
300 Purchased services	-	25,139	25,139
400 Supplies and materials	-	3,757	3,757
600 Other objects	-	22	22
250 Finance and operations services			
252 Fiscal services			
100 Salaries	-	18,675	18,675
200 Employee benefits	-	871	871
300 Purchased services	-	797	797
400 Supplies and materials	-	631	631
600 Other objects	-	55	55
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	5,911,061	-	5,911,061
254 Operation and maintenance of plant			
300 Purchased services	-	110	110
260 Central support services			
262 Planning			
100 Salaries	-	1,675	1,675
200 Employee benefits	-	546	546
300 Purchased services	-	1,657	1,657
400 Supplies and materials	-	3,381	3,381
600 Other objects	-	540	540
266 Technology and data processing services			
100 Salaries	-	18,000	18,000
300 Purchased services	-	227	227
500 Capital outlay	-	5,000	5,000
Total support services	<u>5,919,411</u>	<u>108,840</u>	<u>6,028,251</u>

**GMCK12, LLC
dba GREER PREPARATORY ACADEMY
TAYLORS, SOUTH CAROLINA**

General Fund

**Consolidating Schedule of Revenues, Expenditures, and Changes in Fund Balance -
GMCK12, LLC and Greer Preparatory Academy
For Fiscal Year Ended June 30, 2025**

	GMCK12, LLC	Greer Preparatory Academy	Total
500 Debt services			
610 Redemption of principal	\$ 1,650,000	\$ -	\$ 1,650,000
620 Interest	72,395	-	72,395
690 Other objects (includes fees for servicing bonds)	858,430	-	858,430
Total debt services	2,580,825	-	2,580,825
Total expenditures	8,500,236	120,210	8,620,446
 OTHER FINANCING SOURCES (USES)			
5000 Sale of bonds	30,000,000	-	30,000,000
5110 Premium on bonds sold	44,541	-	44,541
Total other financing sources (uses)	30,044,541	-	30,044,541
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	22,151,034	(119,940)	22,031,094
 FUND BALANCE, July 1, 2024	(289,186)	-	(289,186)
 FUND BALANCE, June 30, 2025	\$ 21,861,848	\$ (119,940)	\$ 21,741,908



MARTIN · SMITH

& COMPANY CPAs

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

Board of Directors
GMCK12, LLC
dba Greer Preparatory Academy
Taylors, South Carolina

We have audited the financial statements of GMCK12, LLC dba Greer Preparatory Academy (“the School”) as of and for the year ended June 30, 2025, and have issued our report thereon dated November 17, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Martin Smith & Company CPAs, PA
November 17, 2025

Martin Smith and Company CPAs PA

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants
1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040