VIRTUS ACADEMY
OF SOUTH CAROLINA

(A Component Unit of
The Charter Institute at Erskine)

FLORENCE, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2026

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(With Independent Auditors' Report Thereon)

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Annual Financial Report
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MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

The Board of Directors
Virtus Academy of South Carolina
Florence, South Carolina

Opinion
We have audited the accompanying financial statements of the governmental activities and each major fund of Virtus Academy of South Carolina ("the School"), a component unit of The Charter Institute at Erskine, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Virtus Academy of South Carolina at June 30, 2026, 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 Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virtus Academy of South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of 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 Virtus Academy of South Carolina'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virtus Academy of South Carolina'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 Virtus Academy of South Carolina's ability to continue as a going concern for a reasonable period of time.

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

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

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

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Virtus Academy of South Carolina's internal control over financial reporting and compliance.

Martin Smith and Company CPAs PA

Martin Smith & Company CPAs, PA
Greenville, South Carolina
October 26, 2026

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VIRTUS ACADEMY OF SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2026

This discussion and analysis of Virtus Academy of South Carolina's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2026. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School's annual financial report consists of:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information

Government-wide financial statements present the School's financial position and activities as a whole. Fund financial statements provide more detailed information regarding the School's major funds. The notes to the financial statements provide additional information necessary to understand the financial statements. Required supplementary information further enhances the reader's understanding of the financial condition of the School.

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FINANCIAL SUMMARY

Key Financial Highlights

Government-Wide Financial Statements
In the Statement of Net Position, the School's assets exceeded its liabilities at the close of the most recent fiscal year by $3,872,761 (net position). Of this amount, however, the School has restricted net position of $3,556,472 related to its debt agreements and food service. Therefore, the School reported an unrestricted net position of $316,288.

The School's net position increased by $544,090 during the current fiscal year.

The School's total capital assets, net of accumulated depreciation, were $21,250,102 at year-end.

The School made its scheduled debt payments during the year, and outstanding long-term debt was $25,601,510 at year-end.

Fund Financial Statements
As of the close of the current fiscal year, the School's governmental funds reported a combined ending fund balance of $8,224,168, compared to a fund balance of $7,480,880 in the previous fiscal year.

During the 2026 fiscal year, the School's governmental fund-type revenues were $12,123,204. The School reported governmental fund-type revenues of $10,477,701 in the previous fiscal year.

Overall
The 135-day student count increased by 90, from 744 students in the prior year to 834 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

FINANCIAL SUMMARY, Continued

Condensed Statement of Net Position

	Governmental Activities	
	2026	**2025**
Assets		
Current and other assets	$ 8,753,510	$ 8,094,172
Capital assets	21,250,102	21,620,610
Total assets	30,003,612	29,714,782
Liabilities		
Long-term liabilities	25,601,510	25,772,820
Other liabilities	529,342	613,292
Total liabilities	26,130,852	26,386,112
Net Position		
Net investment in capital assets	-	-
Restricted net position	3,556,472	3,569,970
Unrestricted net position	316,288	(241,300)
Total net position	$ 3,872,760	$ 3,328,670

Condensed Statement of Activities

	Governmental Activities	
	2026	**2025**
Revenues		
Program revenues	$ 11,946,009	$ 10,205,161
General revenues	177,195	272,540
Total revenues	12,123,204	10,477,701
Expenses	11,579,114	10,609,727
Change in net position	$ 544,090	$ (132,026)

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DETAILED ANALYSIS

Net Position

The School's government-wide financial position improved during fiscal year 2026, as net position increased by $544,090, from $3,328,670 to $3,872,761. This change was driven primarily by a growth in revenues associated with strong enrollment increases. The School carefully controlled its expenses to generate the significant improvement in its financial position.

Revenue Analysis

Student enrollment increased from 744 students in 2025 to 834 students in 2026. Total revenue increased from $10.5 million to $12.1 million, representing growth of approximately 15.7%.

State revenue, which continues to be the School's primary revenue source, increased from $9.3 million to $10.8 million, an increase of approximately 17.1%. State Aid to Classroom funding per pupil increased by approximately 5.1%. Thus, the growth in total revenue exceeded the growth in student enrollment, resulting in higher total state funding available to support instructional programs and School operations.

Expenditure Analysis

Expenditures for instruction and support services, excluding debt service and capital outlay, increased from $8.7 million to $9.4 million, or approximately 8.5%.

Compensation and fringe benefit expenditures increased from $6.0 million to $7.0 million, an increase of approximately 15.5%. The School invested in additional staffing, both instructional and support, needed to support the School's expanding student population. The School carefully controlled its other operating expenses.

Fund Balance Analysis

The School's fund balance increased from $7,480,880 at June 30, 2025, to $8,224,168 at June 30, 2026, an increase of $743,288. General Fund fund balances increased by $679,953 during the year, while the School's food service program fund balance increased by $63,335. The increase in fund balance, combined with continued revenue growth and increasing enrollment, reflects that the School remains in a solid financial position. The available reserves provide flexibility to address future operating needs, capital requirements, and debt obligations while supporting ongoing educational programs and services.

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SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets

The School continues to maintain substantial investments in its facilities used to support instructional activities. Its ongoing investments provide the infrastructure necessary to enhance enrollment and educational programming. At the end of 2026, the School had $21,601,510 investment in capital assets, net of accumulated depreciation. The year-end total of capital assets was $23,303,880, with a total accumulated depreciation of $2,053,778. The depreciation expense taken during the year was $699,159, and capital asset additions were $328,651. Significant capital additions included improvements to the School's building, technology and safety equipment, and a bus.

Long-Term Debt

At fiscal year-end, the School had $25,816,510 in long-term debt outstanding. During the 2026 fiscal year, the School made principal payments of $155,000 on its debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

School management is aware of several factors expected to affect future operations of the School:

- The School continues to see community support as evidenced by continued strong enrollment, as its student count increased by 90, from 744 students in the prior year to 834 students in the current year. Management anticipates continued measured growth in enrollment for 2027. Because state funding is largely based on student enrollment, future enrollment levels will continue to be a significant factor affecting future revenues.

- Management anticipates salary and benefits expenditures to continue increasing as the School responds to competitive labor market conditions affecting educator recruitment and retention. Personnel costs remain the School's largest operating expenditure.

- The state has approved an increase in per-pupil funding levels for fiscal year 2027. Management anticipates this increase will partially offset inflationary pressures affecting salaries, employee benefits, and operating costs.

- The School continues to meet the debt service requirements of its financial arrangements and anticipates further reductions in outstanding debt through scheduled principal repayments during fiscal year 2027.

- Management continues to monitor state funding decisions, inflationary pressures, and facility needs that may affect future operating and capital budgets.

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Exhibit A

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,960,517
Restricted cash and cash equivalents	3,493,137
Due from other governmental units	148,803
Other receivables	3,663
Prepaid expenses	147,390
Capital assets	23,303,881
Less accumulated depreciation	(2,053,779)
Total capital assets, net of depreciation	21,250,102
Total assets	30,003,612
LIABILITIES	
Accounts payable and accrued expenses	499,105
Due to other governmental units	4,714
Revenue collected in advance	25,523
Long-term liabilities:	
Due within one year	215,000
Due in more than one year	25,386,510
Total liabilities	26,130,852
NET POSITION	
Net investment in capital assets	-
Restricted net position	3,556,472
Unrestricted net position	316,288
Total net position	$ 3,872,760

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

Exhibit B

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2026

Functions / Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 6,285,121	$ 150,992	$ 6,391,771	$ 257,642
Support services	3,754,675	-	3,818,387	63,712
Interest and other charges	1,539,318	19,421	1,565,438	45,541
Total governmental activities	11,579,114	170,413	11,775,596	366,895
Total	$ 11,579,114	$ 170,413	$ 11,775,596	366,895
General revenues:				
Other revenue				4,327
Contributions and grants				32,941
Unrestricted investment earnings				139,927
Total general revenues				177,195
Change in net position				544,090
Net position, beginning of year				3,328,670
Net position, end of year				$ 3,872,760

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

Exhibit C

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2026

	General	Special Revenue	EIA	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,960,517	$ -	$ -	$ 4,960,517
Restricted cash and cash equivalents	3,493,137	-	-	3,493,137
Due from other governmental units	-	141,986	6,817	148,803
Other receivables	3,663	-	-	3,663
Due from other funds	77,051	-	19,052	96,103
Prepaid expenses	147,390	-	-	147,390
Total assets	$ 8,681,758	$ 141,986	$ 25,869	$ 8,849,613
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 499,105	$ -	$ -	$ 499,105
Due to SDE	-	1,600	3,114	4,714
Due to other funds	19,052	77,051	-	96,103
Unearned revenue	2,768	-	22,755	25,523
Total liabilities	520,925	78,651	25,869	625,445
Fund balances:				
Nonspendable	147,390	-	-	147,390
Restricted	3,493,137	63,335	-	3,556,472
Unassigned	4,520,306	-	-	4,520,306
Total fund balances	8,160,833	63,335	-0-	8,224,168
Total liabilities and fund balances	$ 8,681,758	$ 141,986	$ 25,869	$ 8,849,613

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

Exhibit D

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2026

Total fund balance - Governmental Funds	$	8,224,168
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in Governmental Funds. The cost of assets is $23,303,881, and the accumulated depreciation is $2,053,779.		21,250,102
Long-term liabilities, including bonds payable and related premiums, are not due and payable in the current period and, therefore, are not reported in the funds.		(25,601,510)
Net position of governmental activities	$	3,872,760

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

Exhibit E

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2026

	General	Special Revenue	EIA Fund	Total Governmental Funds
REVENUES				
Local	$ 351,484	$ -	$ -	$ 351,484
State	8,926,045	61,592	1,858,266	10,845,903
Federal	-	925,817	-	925,817
Intergovernmental	-	-	-	-
Total revenues all sources	9,277,529	987,409	1,858,266	12,123,204
EXPENDITURES				
Current:				
Instruction	5,475,859	213,543	36,389	5,725,791
Support services	2,989,235	710,531	-	3,699,766
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt services:				
Principal payments	155,000	-	-	155,000
Interest and other charges	1,555,628	-	-	1,555,628
Capital outlay	243,731	-	-	243,731
Total expenditures	10,419,453	924,074	36,389	11,379,916
Excess (deficiency) of revenues over expenditures	(1,141,924)	63,335	1,821,877	743,288
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,821,877	-	-	1,821,877
Operating transfers out	-	-	(1,821,877)	(1,821,877)
Total other financing sources (uses)	1,821,877	-	(1,821,877)	-
Net changes in fund balance	679,953	63,335	-0-	743,288
FUND BALANCE, July 1, 2025	7,480,880	-0-	-0-	7,480,880
FUND BALANCE, June 30, 2026	$ 8,160,833	$ 63,335	$ -0-	$ 8,224,168

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

Exhibit F

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Total net changes in fund balance - Governmental Funds	$	743,288
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 depreciation ($699,159) exceeds capital outlays ($328,651) in the period.		(370,508)
Repayment of debt principal as an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		155,000
Amortization of bond premiums provide no current financial resources to Governmental Funds, but amortization does decrease long-term liabilities in the Statement of Net Position.		16,310
Change in net position of governmental activities	$	544,090

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Virtus Academy of South Carolina ("the School") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Government Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Virtus Academy of South Carolina is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act of 1996. The School began operations in August 2018. 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 ten-year period, renewable every five to ten years thereafter. The School operates within The Charter Institute at Erskine ("the Institute"). The School is located in Florence County and serves approximately 835 students in kindergarten through twelfth grade.

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

The School is considered a component unit of The Charter Institute at Erskine. A component unit, although a legally separate entity, is, in substance, part of the Charter Institute's operations. The School has no component units for which it is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on the School as a whole, except for fiduciary funds, if any. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges paid by the recipient of goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

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

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

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

The School reports on the following major Governmental Funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

- The Special Revenue Fund accounts for specific revenue sources that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.

- The Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

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

1) Deposits and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Prepaid Items

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

3) Receivables and Payables

During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On Fund Financial Statements, these receivables and payables are classified as accounts receivable, due from other governmental units, accounts payable or "due from other funds" or "due to other funds." The transactions between funds are eliminated in the Governmental Activities column of the Statement of Net Position.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

4) Capital Assets

Capital assets include building improvements, vehicles, and equipment. Capital assets are defined by the School as assets with an initial, individual cost of more than $1,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

5) Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the Government-Wide Financial Statements. In general, payables and accrued liabilities that will be paid from Governmental Funds are reported on the Governmental Funds Financial Statements regardless of whether they will be liquidated with current resources. Payments made within 60 days after year end are considered to have been made with current available financial resources.

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

6) Unearned Revenue

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

7) Compensated Absences

Employees earn vacation and sick leave benefits pursuant to School personnel policies. Vacation leave is noncumulative, and employees are not paid for unused vacation days upon termination of employment. Sick leave benefits are nonvesting and are not paid upon termination. Accordingly, no liability for compensated absences has been recognized at year-end because no leave benefits meet the criteria for recognition.

8) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual Governmental Funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. The School has no restricted fund balances in its non-general funds. Committed fund balance amounts are established by the School's Board through motions passed at the School's Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School's administration. The School has no assigned fund balance amounts.

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Fund Equity, Continued

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. The School had $1,880,320 restricted for its Debt Service Reserve Fund, $1,129,238 restricted for use in its Project Fund, and $483,578 restricted for other bond-related purposes at June 30, 2026. The School also had $63,335 restricted for its food service program at June 30, 2026.

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

10) Fair Value

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

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

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

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

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

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

11) Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2026, the School's carrying amount of deposits was $8,453,654, all of which was covered by Federal Deposit Insurance Corporation ("FDIC") or collateralized. The School had no investments at June 30, 2026.

At June 30, 2026, the School had $1,880,320 restricted for its Debt Service Reserve Fund, $1,129,238 restricted for use in its Project Fund, and $483,578 restricted for other bond-related purposes.

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the School's deposits or investments might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

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

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

III. DETAILED NOTES ON ALL FUNDS, Continued

A. Deposits and Investments, Continued

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

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

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,585,000	$ -	$ -	$ 1,585,000
Construction in progress	-	162,254	-	162,254
	1,585,000	162,254	-0-	1,747,254
Capital assets, being depreciated:				
Building	20,356,584	-	-	20,356,584
Land improvements	53,544	-	-	53,544
Vehicles	5,000	56,090	-	61,090
Furniture	286,202	8,788	-	294,990
Equipment	688,900	101,519	-	790,419
	21,390,230	166,397	-0-	21,556,627
Less accumulated depreciation for:				
Building	1,153,070	508,915	-	1,661,985
Land improvements	6,694	5,355	-	12,049
Vehicles	2,997	5,674	-	8,671
Furniture	50,773	26,481	-	77,254
Equipment	141,086	152,734	-	293,820
	1,354,620	699,159	-0-	2,053,779
Total capital assets being depreciated, net	20,035,610	(532,762)	-0-	19,502,848
Governmental Activities capital assets, net	$ 21,620,610	$ (370,508)	$ -0-	$ 21,250,102

Depreciation expense of $559,327 and $139,832 were charged to instruction and support services, respectively.

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III. DETAILED NOTES ON ALL FUNDS, Continued

C. Due to/From Other Funds

Interfund balances at June 30, 2026, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	$ 77,051	$ 19,052
Special Revenue Funds:		
Special Projects Fund	-	77,051
Education Improvement Act Fund	19,052	-
	$ 96,103	$ 96,103

The General Fund receivable is a result of Special Revenue owing the General Fund for claims that were filed but not yet received. The EIA receivable is a result of the General Fund owing for funds received on behalf of EIA Fund but not yet expended.

During the course of normal operations, the School has transactions between funds to provide services. These transactions are generally reflected as transfers. The General Fund received transfers of $1,821,877.22 from the EIA Fund to align funding in the fund where most of the School's expenditures are paid.

D. Long-Term Liabilities

In November 2021, the School borrowed $11,555,000 from South Carolina Jobs - Economic Development Authority ("the Authority") evidenced by a loan agreement. The Authority issued Educational Facilities Revenue Bonds, Series 2021A (tax-exempt) of $11,060,000 and Series 2021B (taxable) of $495,000 in connection with this loan agreement. These bonds pay interest semi-annually at 4.00% to 5.25% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements. Monthly principal payments are due on the Series 2021A bonds for 336 months beginning July 2028. Monthly principal payments on the Series 2021B bonds are due for 36 months beginning July 2025.

In August 2023, the School borrowed $13,890,000 from South Carolina Jobs - Economic Development Authority ("the Authority") evidenced by a loan agreement. The Authority issued Educational Facilities Revenue Bonds, Series 2023A (tax-exempt) of $13,495,000 and Series 2023B (taxable) of $395,000 in connection with this loan agreement. These bonds pay interest semi-annually at 6.95% to 8.50% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements. Monthly principal payments are due on the Series 2023A bonds for 336 months beginning July 2029. Monthly principal payments on the Series 2023B bonds are due for 48 months beginning July 2026.

Covenants contained in the loan agreement limit the School's ability to incur additional debt or grant security interests in its assets; require periodic financial reporting; and require the School to maintain minimum levels of net income available for debt service, as defined, in comparison with maximum annual debt service and to maintain a minimum specified working capital ratio. Other customary covenants, representations, conditions, and default provisions for such a loan agreement are present. For the year ended June 30, 2026, the School is in compliance with all debt covenants.

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III. DETAILED NOTES ON ALL FUNDS, Continued

D. Long-Term Liabilities, Continued

Maturity of the long-term debt obligations outstanding at June 30, 2026, is as follows:

Year Ending June 30	
2027	$ 215,000
2028	310,000
2029	345,000
2030	360,000
2031	390,000
2032 - 2036	2,760,000
2037 - 2041	3,085,000
2042 - 2046	4,075,000
2047 - 2051	5,510,000
2052 - 2056	6,075,000
2057 - 2058	2,165,000
Total	$ 25,290,000

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, 2021 Issue	$ 11,555,000	$ -	$ (155,000)	$ 11,400,000	$ 165,000
Bonds payable, 2023 Issue	13,890,000	-	-	13,890,000	50,000
Total long-term obligations at year end	$ 25,445,000	$ -0-	$ (155,000)	25,290,000	$ 215,000
Premium on bonds issued				311,510	
Total long-term obligations at year end				$ 25,601,510	

Interest expense for the year ended June 30, 2026, was $1,526,734.

E. Lease Obligations

The School entered into a lease for copier equipment. The term of the lease was through July 31, 2028, at a rate of $656 monthly. Lease expense for the year ended June 30, 2026, totaled $7,880.

The School follows the guidance of GASB Statement #87 *Leases*. The statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases. The School analyzed its leases and determined that, due to terms and insignificance, they did not meet the criteria for recognition as a long-term lease obligation and Right of Use Asset.

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IV. OTHER INFORMATION

A. Risk Management

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

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

B. Employee Retirement Plan

The School maintains a 403(b) Retirement Plan. Employees contribute through payroll deductions to the Plan, and the School matches a percentage of the employee's contributions. These provisions were established by the Board. The School contributed $30,488 to the plan for the year ended June 30, 2026.

C. Commitments and Contingencies

The School participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures that may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the School's management believes such disallowances, if any, would be immaterial.

D. Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 26, 2026, the date the financial statements were available to be issued. There were no events requiring recording or disclosure for the year ended June 30, 2026.

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Schedule 1

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Budgetary Comparison Schedule
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Original Budget	Final Budget	Variance	Actual	Variance
REVENUES					
Local	$ 243,500	$ 243,500	$ -	$ 351,484	$ 107,984
State	8,926,816	8,926,816	-	8,926,045	(771)
Federal	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total revenues all sources	9,170,316	9,170,316	-	9,277,529	107,213
EXPENDITURES					
Current:					
Instruction	4,716,727	4,716,727	-	5,484,617	767,890
Support services	3,430,185	3,430,185	-	3,224,208	(205,977)
Community services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Debt service:					
Redemption of principal	155,000	155,000	-	155,000	-
Interest and other	1,553,044	1,553,044	-	1,555,628	2,584
Total expenditures	9,854,956	9,854,956	-	10,419,453	564,497
Excess (deficiency) of revenues over expenditures	(684,640)	(684,640)	-	(1,141,924)	(457,284)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	800,000	800,000	-	1,821,877	1,021,877
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	800,000	800,000	-	1,821,877	1,021,877
Net change in fund balance	$ 115,360	$ 115,360	$ -0-	$ 679,953	$ 564,593

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	$ 72,000	$ 139,927	$ 67,927
1600 Food services			
1640 Lunch sales to adults	-	141	141
1700 Pupil activities			
1730 Pupil organization membership dues and fees	4,000	3,736	(264)
1740 Student fees	26,000	19,420	(6,580)
1790 Other pupil activity income	140,000	150,992	10,992
1900 Other revenue from local sources			
1920 Contributions and donations from private sources	-	32,941	32,941
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	1,500	4,327	2,827
Total local sources	243,500	351,484	107,984
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	8,926,816	8,926,045	(771)
Total state sources	8,926,816	8,926,045	(771)
Total revenues all sources	9,170,316	9,277,529	107,213
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	310,000	305,114	4,886
200 Employee benefits	62,000	61,987	13
400 Supplies and materials	21,161	486	20,675
500 Capital outlays	-	2,189	(2,189)

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
112 Primary programs			
100 Salaries	$ 680,000	$ 678,388	$ 1,612
200 Employee benefits	165,000	160,763	4,237
300 Purchased services	-	14,342	(14,342)
400 Supplies and materials	-	11,809	(11,809)
500 Capital outlays	-	2,189	(2,189)
113 Elementary programs			
100 Salaries	2,570,054	1,994,205	575,849
200 Employee benefits	632,532	401,497	231,035
300 Purchased services	-	182	(182)
400 Supplies and materials	16,593	40,923	(24,330)
500 Capital outlays	-	2,189	(2,189)
114 High school programs			
100 Salaries	-	530,424	(530,424)
200 Employee benefits	-	90,745	(90,745)
300 Purchased services	-	21,756	(21,756)
400 Supplies and materials	29,500	21,933	7,567
500 Capital outlays	-	2,189	(2,189)
120 Exceptional programs			
126 Speech handicapped			
300 Purchased services	85,000	38,956	46,044
400 Supplies and materials	56,775	155	56,620
127 Learning disabilities			
100 Salaries	-	799,836	(799,836)
200 Employee benefits	-	180,079	(180,079)
300 Purchased services	78,112	3,494	74,618
400 Supplies and materials	10,000	10,475	(475)
129 Coordinated Early Intervening Services (CEIS)			
100 Salaries	-	56,309	(56,309)
200 Employee benefits	-	13,456	(13,456)
170 Summer school programs			
171 Primary summer school			
400 Supplies and materials	-	824	(824)

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
175 Instructional programs beyond regular school day			
100 Salaries	$ -	$ 25,865	$ (25,865)
200 Employee benefits	-	2,087	(2,087)
400 Supplies and materials	-	3,005	(3,005)
180 Adult/continuing education programs			
188 Parenting/family literacy			
200 Employee benefits	-	6,140	(6,140)
190 Instructional pupil activity			
400 Supplies and materials	-	262	(262)
600 Other objects	-	364	(364)
Total instruction	4,716,727	5,484,617	(767,890)
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	-	146,464	(146,464)
200 Employee benefits	-	23,605	(23,605)
400 Supplies and materials	1,500	800	700
213 Health services			
100 Salaries	-	67,329	(67,329)
200 Employee benefits	-	12,322	(12,322)
300 Purchased services	-	200	(200)
400 Supplies and materials	3,500	3,606	(106)
214 Psychological services			
300 Purchased services	5,000	24,970	(19,970)
215 Exceptional program services			
300 Purchased services	-	134,508	(134,508)
220 Instructional staff services			
221 Improvement of instruction curriculum development			
200 Employee benefits	-	11,895	(11,895)

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
224 Improvement of instruction inserv and staff training			
300 Purchased services	$ 17,700	$ 12,239	$ 5,461
400 Supplies and materials	-	812	(812)
600 Other objects	-	193	(193)
230 General administrative services			
231 Board of education			
300 Purchased services	100,000	61,725	38,275
318 Audit services	15,000	11,300	3,700
400 Supplies and materials	1,000	575	425
600 Other objects	21,000	27,217	(6,217)
233 School administration			
100 Salaries	1,797,817	626,347	1,171,470
200 Employee benefits	381,681	153,417	228,264
300 Purchased services	15,500	169,108	(153,608)
400 Supplies and materials	19,000	34,253	(15,253)
600 Other objects	2,000	48,717	(46,717)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	369,536	256,771	112,765
600 Other objects	-	11,757	(11,757)
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	162,254	(162,254)
540 Equipment	-	16,628	(16,628)
254 Operation and maintenance of plant			
100 Salaries	-	96,141	(96,141)
200 Employee benefits	-	22,851	(22,851)
300 Purchased services	168,000	208,097	(40,097)
321 Public util (excl gas, oil, elect & oth heating fuels)	16,000	14,633	1,367
400 Supplies and materials	160,000	217,125	(57,125)
255 Student transportation (state mandated)			
400 Supplies and materials	5,000	525	4,475
500 Capital outlay	-	56,090	(56,090)
600 Other objects	-	232	(232)

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
256 Food services			
300 Purchased services	$ 25,000	$ -	$ 25,000
400 Supplies and materials	13,087	-	13,087
500 Capital outlay	5,000	-	5,000
258 Security			
100 Salaries	-	74,136	(74,136)
200 Employee benefits	-	6,285	(6,285)
300 Purchased services	54,000	47,283	6,717
400 Supplies and materials	-	786	(786)
260 Central support services			
263 Information services			
300 Purchased services	38,500	5,481	33,019
400 Supplies and materials	-	357	(357)
264 Staff services			
200 Employee benefits	-	3,856	(3,856)
266 Technology and data processing services			
100 Salaries	-	103,491	(103,491)
200 Employee benefits	-	33,341	(33,341)
300 Purchased services	39,364	62,809	(23,445)
400 Supplies and materials	6,000	3,723	2,277
500 Capital outlay	-	84,891	(84,891)
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	-	12,700	(12,700)
300 Purchased services	-	120	(120)
400 Supplies and materials	65,000	63,415	1,585
600 Other objects	-	1,712	(1,712)
660 Pupil activity	85,000	85,116	(116)
Total support services	3,430,185	3,224,208	205,977
500 Debt services			
610 Redemption of principal	155,000	155,000	-
620 Interest	1,543,044	1,543,044	-
690 Other objects (includes fees for servicing bonds)	10,000	12,584	(2,584)
Total debt services	1,708,044	1,710,628	(2,584)

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended June 30, 2026

	Budget	Actual	Variance Favorable (Unfavorable)
Total expenditures	$ 9,854,956	$ 10,419,453	$ (564,497)
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	800,000	1,821,877	1,021,877
421-710 Transfer to Special Revenue Fund	-	-	-
Total other financing sources (uses)	800,000	1,821,877	1,021,877
EXCESS OF REVENUES OVER EXPENDITURES	$ 115,360	679,953	$ 564,593
FUND BALANCE, July 1, 2025		7,480,880	
FUND BALANCE, June 30, 2026		$ 8,160,833	

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Notes to the Required Supplementary Information
June 30, 2026

Budgetary Information

The School adopts an annual operating budget for the General Fund. The budget is prepared on the same basis of accounting used for financial reporting purposes. Budget amendments may be approved by the Board of Directors throughout the fiscal year as circumstances warrant.

The budgetary comparison schedule presents a comparison of the original budget, the final budget, and actual results for the fiscal year ended June 30, 2026.

The budget was not significantly amended during fiscal year 2026. As a result, there were no material differences between the original and the final budget.

Budgetary Highlights

Actual revenues exceeded the final budget by approximately $107,000. Local revenue was higher than budget by $108,000, primarily due to interest income exceeding expectations by approximately $68,000 and contribution income exceeding projections by approximately $33,000. Actual state revenue was quite close to budgeted levels.

Actual expenditures were over budget by approximately $565,000. The School expended $245,000 in unbudgeted capital expenditures, as funds became available during the year. The School expended approximately $850,000 in payroll and related costs within its General Fund that were covered by unbudgeted transfers from its EIA Fund, where the expenses were originally budgeted. The School carefully controlled its other operating costs and held those expenses below budgeted levels.

This close attention to cost control enabled the School to combine its higher income received with reduced costs and resulted in the School's increase in fund balance exceeding expectations by approximately $565,000, strengthening the year-end fund balance.

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES								
3000 Revenue from state sources								
3130 Special programs								
3135 Reading coaches	$ -	$ -	$ -	$ -	$ -	$ 56,392	$ -	$ 56,392
3187 Teacher supplies (no carryover)	-	-	-	-	-	5,200	-	5,200
Total state sources	-	-	-	-	-	61,592	-	61,592
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4310 Title I, Basic State Grant (carryover prov)	211,980	-	-	-	-	-	28,556	240,536
4351 Supporting effective instruction	-	-	-	-	-	-	20,890	20,890
4500 Programs for children with disabilities								
4510 Individ with Disabil Educ Act (IDEA)	-	99,023	-	-	-	-	6,006	105,029
4900 Other federal sources								
4990 Other federal revenue								
4999 Revenue from other federal sources	-	-	-	-	-	-	559,362	559,362
Total federal sources	211,980	99,023	-	-	-	-	614,814	925,817
Total revenues all sources	211,980	99,023	-	-	-	61,592	614,814	987,409

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

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES								
100 Instruction								
110 General instruction								
111 Kindergarten programs								
300 Purchased services	$ 2,254	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,254
400 Supplies and materials	3,339	-	-	-	-	-	-	3,339
112 Primary programs								
100 Salaries	6,505	-	-	-	-	-	-	6,505
300 Purchased services	7,100	-	-	-	-	-	-	7,100
400 Supplies and materials	4,505	-	-	-	-	5,200	-	9,705
113 Elementary programs								
100 Salaries	10,162	-	-	-	-	56,392	-	66,554
300 Purchased services	33,600	-	-	-	-	-	10,270	43,870
400 Supplies and materials	1,737	-	-	-	-	-	-	1,737
114 High school programs								
300 Purchased services	-	-	-	-	-	-	12,153	12,153
120 Exceptional programs								
123 Orthopedically handicapped								
300 Purchased services	-	31,010	-	-	-	-	-	31,010

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
127 Learning disabilities								
100 Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,006	$ 6,006
300 Purchased services	11,074	-	-	-	-	-	-	11,074
400 Supplies and materials	-	-	-	-	-	-	6,133	6,133
180 Adult/continuing education programs								
188 Parenting/family literacy								
300 Purchased services	4,197	-	-	-	-	-	-	4,197
400 Supplies and materials	1,906	-	-	-	-	-	-	1,906
Total instruction	86,379	31,010	-	-	-	61,592	34,562	213,543
200 Support services								
210 Pupil services								
211 Attendance and social work services								
100 Salaries	110,000	-	-	-	-	-	-	110,000
214 Psychological services								
100 Salaries	-	55,000	-	-	-	-	-	55,000
215 Exceptional program services								
400 Supplies and materials	-	13,013	-	-	-	-	-	13,013
220 Instructional staff services								
221 Improvement of instr curriculum develop								
300 Purchased services	4,319	-	-	-	-	-	-	4,319

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
224 Improvement of instruction inserv and staff training								
100 Salaries	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,750	$ 2,750
300 Purchased services	4,900	-	-	-	-	-	14,671	19,571
600 Other objects	-	-	-	-	-	-	2,743	2,743
250 Finance and operations services								
254 Operation and maintenance of plant								
300 Purchased services	-	-	-	-	-	-	2,173	2,173
256 Food services								
400 Supplies and materials	-	-	-	-	-	-	493,854	493,854
260 Central support services								
264 Staff services								
300 Purchased services	-	-	-	-	-	-	726	726
266 Technology/data processing services								
300 Purchased services	6,382	-	-	-	-	-	-	6,382
Total support services	125,601	68,013	-	-	-	-	516,917	710,531
Total expenditures	211,980	99,023	-	-	-	61,592	551,479	924,074

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VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2026

	Title I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	CATE (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds:								
5210 Transfer from General Fund (excludes IC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total other financing sources (uses)	-	-	-	-	-	-	-	-
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	63,335	63,335
FUND BALANCE, July 1, 2025	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2026	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 63,335	$ 63,335

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Schedule 4

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund - Schedule of Program Classifications
For Year Ended June 30, 2026

OTHER RESTRICTED STATE GRANTS

935	Reading coaches	$ 56,392	3135
917	Teacher supplies (no carryover)	5,200	3187
		$ 61,592	

OTHER SPECIAL REVENUE PROGRAMS

237	Title I, Basic State Grant (carryover prov)	28,556	4310
267	Supporting effective instruction	20,890	4351
212	Individ with Disabil Educ Act (IDEA)	6,006	4510
802	USDA meal reimbursement	559,362	4810
		$ 614,814	

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Schedule 5

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Year Ended June 30, 2026

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/(Out)	Special Revenue Other Fund Transfers In/(Out)	Special Revenue Fund Unearned
935	3135	Reading coaches	$ 56,392	$ 56,392	$ -	$ -	$ -
917	3187	Teacher supplies (no carryover)	5,200	5,200	-	-	-
			$ 61,592	$ 61,592	$ -0-	$ -0-	$ -0-

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Schedule 6

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2026

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REVENUES	
3000 Revenue from state sources	
3500 Education improvement act	
3503 State aid to classrooms	$ 1,821,877
3529 Career and Technology Education	1,885
3557 Summer reading program	16,559
3577 Teacher supplies (no carryover provision)	17,200
3599 Other EIA	745
Total state sources	1,858,266
Total revenues all sources	1,858,266
EXPENDITURES	
100 Instruction	
110 General instruction	
113 Elementary programs	
100 Salaries	14,975
200 Employee benefits	1,146
400 Supplies	18,383
115 Career and Technology Education programs	
400 Supplies	1,885
Total instruction	36,389
Total expenditures	36,389
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	(1,821,877)
Total other financing sources (uses)	(1,821,877)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-
FUND BALANCE, July 1, 2025	-0-
FUND BALANCE, June 30, 2026	$ -0-

Schedule 7

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Year Ended June 30, 2026

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In(Out)	Other Fund Transfers In(Out)	EIA Fund Unearned
3500 Education Improvement Act					
3503 State aid to classrooms	$ 1,821,877	$ -	$ -	$ (1,821,877)	$ -
3518 Formative Assessment	-	-	-	-	4,932
3526 Refurbishment of science kits	-	-	-	-	3,095
3529 Career and Technology Education	1,885	1,885	-	-	-
3557 Summer reading program	16,559	16,559	-	-	14,005
3577 Teacher supplies (no carryover provision)	17,200	17,200	-	-	-
3595 EEDA supplies and materials	-	-	-	-	723
3599 Other EIA	745	745	-	-	-
TOTALS	$ 1,858,266	$ 36,389	$ -0-	$ (1,821,877)	$ 22,755

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Schedule 8

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2026

Program	Grant/Proj Number and FY	Revenue & Subfund Codes	Description	Amount Due to SCDOE/Federal Government	Status of Amounts Due to Grantors
Refurbishment of science kits	FY25 EIA	3526 / 326	Unspent allocation	$ 3,113.54	Unpaid as of 10/26/26
Teacher supply checks	FY26 SR	3187 / 917	Unspent allocation	1,600.00	Unpaid as of 10/26/26
				$ 4,713.54	

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Schedule 9

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Schedule of Findings and Responses
For Fiscal Year Ended June 30, 2026

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Section II - Financial Statement/Compliance Findings

None.

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Schedule 10

VIRTUS ACADEMY OF SOUTH CAROLINA
FLORENCE, SOUTH CAROLINA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2026

Section I - Financial Statement Findings

None.

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MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDTITORS' 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
Virtus Academy of South Carolina
Florence, South Carolina

We have audited the financial statements of Virtus Academy of South Carolina ("the School") as of and for the year ended June 30, 2026, and have issued our report thereon dated October 26, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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 and Company CPAs PA

Martin Smith & Company CPAs, PA
October 26, 2026

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