IN THE STATE OF SOUTH CAROLINA
COURT OF APPEALS

FROM THE SOUTH CAROLINA ADMINISTRATIVE LAW COURT

Honorable Shirley C. Robinson, Judge

Case No.: 2013-000525

Mary L. Dinkins Higher Learning Academy (MLD) ..... APPELLANT

v.

South Carolina Public Charter School District (District)..... RESPONDENT

RECORD OF APPEAL

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SC Court of Appeals

Volume I

IN THE STATE OF SOUTH CAROLINA
COURT OF APPEALS

FROM THE SOUTH CAROLINA ADMINISTRATIVE LAW COURT

Honorable Shirley C. Robinson, Judge

Case No.: 2013-000525

Mary L. Dinkins Higher Learning Academy (MLD) ..... APPELLANT

v.

South Carolina Public Charter School District (District)..... RESPONDENT

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IN THE STATE OF SOUTH CAROLINA
In the Administrative Law Court

FROM THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

Don McLaurin, Chairman

Case No.: Revocation Decision of May 16, 2012

Mary L. Dinkins Higher Learning Academy (MLD), ... APPELLANT

v.

South Carolina Public Charter School District (District)..... APPELLEE

REQUEST FOR CONTESTED HEARING

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butchbowers@hallbowers.com
Counsel for Respondent S. C. Public *Charter School District*

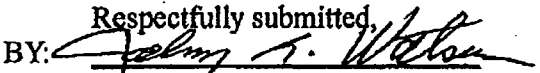
Mr. Alan Wilson
Attorney General of South Carolina
P. O. Box 11549 (zip 20211)
1000 Assembly Street
Columbia, South Carolina 29201

FILED
JUN 11 2012
SC ADMIN. LAW COURT

CONTESTED ISSUES

1. Whether the Charter of the Mary L. Dinkins Higher Learning Academy was lawfully revoked under section 59-40-110 of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976);
2. Whether the South Carolina Charter Act is constitutional in its provision which allows a charter school sponsor be both the accuser and finder of fact in a charter revocation hearing under section 59-40-110 (C) of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976);
3. Whether the revocation hearing by the District was held within the time limits imposed under the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976) and
4. Whether the South Carolina Charter School District violated other provisions of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976) in its decision to revoke the charter of the Mary L. Dinkins Higher Learning Academy?

Respectfully submitted,

BY: 

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watsonlawfirm@sc.twcbc.com

Columbia, South Carolina
Dated: June 11, 2012

CERTIFICATE OF SERVICE

I, Johnny E. Watson, of 2715 Edgewood Avenue (29204), P. O. Box 2305, Columbia, South Carolina 29202, hereby certify that I have served the individuals named below with a copy of the document described herein by depositing the document in the United States mail, postage prepaid and sent the same to them at the address listed herein below:

PERSON SERVED:

Mr. Karl S. Bowers, Jr.
Hall & Bowers. LLC
Attorney for the Appellee
1727 Hampton Street
Columbia, South Carolina 29201

Mr. Alan Wilson
Attorney General of South Carolina
P. O. Box 11549 (zip 20211)
1000 Assembly Street
Columbia, South Carolina 29201

DOCUMENT: REQUEST FOR CONTESTED HEARING

Johnny E. Watson

JOHNNY E. WATSON

Columbia, South Carolina
Date: June 11, 2012

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JUN 11 2012
SC ADMIN. LAW COURT

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February 2006

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Mary L. Dinkins Higher Learning Academy, Appellant, vs. South Carolina Public Charter School District, Respondent.	**NOTICE OF ASSIGNMENT** **(Appeal)** DOCKET NO. 12-ALJ-30-0281-AP

NOTICE IS GIVEN that a notice of appeal seeking review of agency action was filed on June 11, 2012. In accordance with S.C. Code Ann. § 1-23-570 (Supp. 2011), the **Honorable Shirley C. Robinson,** Administrative Law Judge, has been assigned to preside in this appeal. The Administrative Law Judge may be contacted by mail at 1205 Pendleton Street, Suite 224, Columbia, South Carolina 29201, and by telephone at (803) 734-0550.

Rules of Procedure governing matters before the Court may be obtained from the Clerk of Court or on the Court's website, www.scalc.net.

The parties are directed to the relevant provisions of the Rules of Procedure for deadlines for perfecting the appeal and briefing the issues on appeal.

This the fifteenth day of June, 2012.

Ralph King Anderson, III
Chief Administrative Law Judge

By: Jana E. Shealy
Jana E. Shealy, Clerk
Edgar A. Brown Building
1205 Pendleton Street, Suite 224
Columbia, South Carolina 29201

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JUN 15 2012
SC ADMIN. LAW COURT

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Mary L. Dinkins Higher Learning Academy, Appellant, vs. South Carolina Public Charter School District, Respondent.	Docket No.: 12-ALJ-30-0281-AP **ORDER GOVERNING PROCEDURE**

This appeal is before the South Carolina Administrative Law Court ("ALC" or "Court") pursuant to the Notice of Appeal filed by Appellant on June 11, 2012. The purpose of this Order is to state the dates and procedures to follow in presenting this matter. Failure to comply with this Order may result in dismissal of the appeal in a fashion contrary to the position of the party failing to comply.

I. Record on Appeal and Transcript

Pursuant to ALC Rule 35, the Appellant, as the party filing the Notice of Appeal, is responsible for ordering a transcript of the proceedings below. Pursuant to ALC Rule 36(A), Respondent must file the original and one (1) copy of the Record on Appeal with the undersigned Judge and serve a copy on all parties to the appeal within forty-five (45) days of the date of the Notice of Assignment. The Notice of Assignment was issued on June 15, 2012. Further, the Record on Appeal must be prepared as required by ALC Rule 36.[1]

II. Briefs

Pursuant to ALC Rule 37, the Appellant shall file with the undersigned Judge and serve on the opposing parties a Brief of Appellant within thirty (30) days after the Record on Appeal is filed. The Respondent must file a Brief of Respondent within thirty (30) days after the date the

[1] See the ALC's Rules of Procedure, effective May 1, 2011.

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SC ADMIN. LAW COURT

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Brief of Appellant is filed. The Appellant is not required but may file a Reply Brief within ten (10) days after the Brief of Respondent is filed. All documents shall be filed directly with Judge Robinson's office. Furthermore, ALC Rule 37 (A) states that the parties shall file the original and one (1) copy of their briefs. The briefs must be prepared as required by ALC Rule 37.

III. Presentation of the Case by the Parties

After the Record on Appeal and all Briefs have been received, if a hearing is deemed necessary, the parties will be notified of the date, time, and place of the hearing of the case. The Notice of Oral Argument will be provided at least twenty (20) days in advance of the hearing date.

AND IT IS SO ORDERED.

Shirley C. Robinson

SHIRLEY C. ROBINSON
Administrative Law Judge

June 19th, 2012
Columbia, South Carolina

CERTIFICATE OF SERVICE
This is to certify that the undersigned has this date served this order in the above entitled action upon the parties to this cause by depositing a copy thereof in the United States mail, postage paid, or in the interagency Mail Service addressed to the party(ies) or their attorney(s).
This 19 day of June 2012
By: Jeanette Hendrick
Judicial Law Clerk

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)	IN THE ADMINISTRATIVE LAW COURT OF THE STATE OF SOUTH CAROLINA
MARY L. DINKINS HIGHER LEARNING ACADEMY (MLD), APPELLANT, v. SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT (DISTRICT), APPELLEE.	)	DOCKET NO.: 12-ALJ-30-0281-AP **NOTICE OF MOTION AND MOTION FOR IMMEDIATE RESTRAINING ORDER OR EXPARTE TRO**

TO: THE DEFENDANTS, ABOVE-NAMED:

PLEASE TAKE NOTICE that the above-named Appellant, MARY L. DINKINS HIGHER LEARNING ACADEMY (MLD), by and through its attorney, undersigned, will move before the Honorable Shirley C. Robinson, Administrative Law Judge, within 24 hours, or as soon thereafter as this matter may be heard, for a Restraining Order prohibiting you from taking any further action to terminate or adversely affect the existence of the MARY L. DINKINS HIGHER LEARNING ACADEMY prior to the final adjudication of the appeal of your decision to revoke the charter of the MARY L. DINKINS HIGHER LEARNING ACADEMY or to grant the Appellant an exparte TRO based on the attached affidavit and to order you to take steps to alleviate the harm you have caused, based on Rule 65 of South Carolina Rules of Civil Procedure, the statutory and common laws of this state, and the following facts:

1. On March 12, 2012 the Mary L. Dinkins Higher Learning Academy (MLD) received a letter from Dr. Wayne Brazzell, the superintendent of the South Carolina Public Charter School District, indicating the District's intention to revoke the school's

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SC ADMIN. LAW COURT

charter.

2. The revocation hearing was held at the headquarters of the District on April 19, 2012.

3. In spite of the fact that every witness at the hearing spoke of the good works and need for the continued existence of the school the District decided to revoke the school's charter and issued its decision on May 16, 2012.

4. MLD filed its notice of appeal, on a timely basis on June 11, 2012. The appeal is now pending.

5. Since the appeal was filed the District has taken several unlawful steps to render any future decision of this Court in favor of the MLD null and void by crippling the ability of the school to continue even if this Court rules in favor of MLD as outlined in the attached affidavit.

6. The District has taken the steps outlined in the attached affidavit, among others, to terminate the existence of the school despite its knowledge of the pending appeal of its decision in this case.

7. Further,

a. the Appellant is likely to prevail at the hearing on the merits since every witness, not a party to the case or employee of the parties, testified as to the need for the school and the good works the school is performing on behalf of the students,

b. The irreparable harm already caused as outlined in the affidavit will be further exacerbated without the injunction,

c. There will be no harm the Appellee by the granting of the injunction,

d. The policy of the state favors the existence of charter schools like MLD to save

students who would be otherwise lost in larger schools, and

e. The Defendants were properly served a copy of this Notice of Motion and Motion for Immediate Restraining Order or ex-parte TRO as indicated by the attached certificates of service.

Respectfully submitted,

BY: Johnny E. Watson

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Columbia, South Carolina
Dated: July 9, 2012

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)))	IN THE ADMINISTRATIVE LAW COURT OF THE STATE OF SOUTH CAROLINA
MARY L. DINKINS HIGHER LEARNING ACADEMY (MLD), APPELLANT, v. SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT (DISTRICT), APPELLEE.	)	DOCKET NO.: 12-ALJ-30-0281-AP **AFFIDAVIT OF GEROGE WILLIAMS**

Personally appeared before, George Williams, Chairmen of the Board of the Mary L. Dinkins Higher Learning Academy, who being duly sworn, deposes and says that:

1. The South Carolina Public Charter School District has taken several steps to irreparably harm the ability of the school to survive if and when this Court rules in its favor at the upcoming hearing on the merits in this case by doing the following since the revocation hearing:

   a. They have come to the school and disrupted the school while the students were doing the required year end tasting,
   b. The have called the School Facilities Office to shut down the school's operations,
   c. They have called food service to cancel the school's summer lunch program costing the school $100,000.00 because they were told the school is not certified,
   d. They cancelled the school's insurance policy,
   e. They sent harassing letters to the parents of the school's students resulting in the loss of some students, and
   f. They sent letters to the school's staff resulting in the loss of several good staff members.

2. Our attorney has contacted the district's attorney, Karl "Butch" Bowers, who has condoned these acts on the part of his client.

3. That said Respondent, an organization, is not a member of the Armed Services of the United States, as is contemplated under the Soldiers' and Sailors' Relief Act, as amended.

George Williams, Board Chairman

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SC ADMIN. LAW COURT

Sworn to and subscribed before me ,
On this 9th day of July, 2012.

Notary Public for South Carolina
My Commission Expires: 1-23-2016



Press Release
The South Carolina Public Charter School District

803-734-8326
www.sccharter.org
3710 Landmark Drive, Suite 201
Columbia, SC 29204

Board of Charter School District Votes to Close Mary L. Dinkins Charter School

On Thursday, March 8, 2012, the Board of Trustees of the South Carolina Public Charter School District voted to close Mary L. Dinkins Higher Learning Academy Charter School (MLD) effective at the end of the 2011-2012 school year. After conducting a review hearing at the request of the school, the Board voted on Thursday, May 3, 2012 to uphold their March closure decision. The school, which is located in Bishopville in Lee County, currently has approximately 150 students ranging from kindergarten through eighth grade.

"The move to close the school is in the best interest of the students of the school," says SC Public Charter School District Superintendent Wayne Brazell, Ph. D. Each public charter school agrees to operate under a charter, which is a legal contract between the governing board of every school and the authorizing office. School accountability is an important aspect of the charter school approach. Authorizers of public charter schools in South Carolina, such as the SC Public Charter School District, are required by state law to revoke the charter of a school if the authorizer determines that the school committed a material violation of the conditions, standards, or procedures of the charter, failed to meet or make reasonable progress toward academic achievement standards identified in the charter, failed to meet generally accepted fiscal management standards, or violated any provision of the law from which public charter schools are not specifically exempt.

After submitting a detailed and comprehensive charter application, proposed schools must be approved by a state board in addition to the board of the school district that authorizes the opening of the school. The board of the school district is likewise empowered to conclude the charter agreement under various conditions. MLD was originally opened under the auspices of the Lee County School District, but the school transferred to the state-wide district under a probationary status arrangement approximately two years ago.

Like traditional public schools, charter schools do not charge tuition, and charter schools must address the entire state curriculum for all grade levels offered. Students are required to meet all state graduation requirements, and the schools are required to administer all state standardized testing, which is conducted under monitored conditions. All public charter schools are subject to state laws regarding professional licensure for school staff. However, public charter schools differ from traditional public schools in several ways. The schools are supervised by a governing board that includes parents and other members of the community who are ultimately responsible for the operations and performance of the school. Unlike a magnet school, public charter schools are open to all students as long as space permits.

The SC Public Charter School District currently has approximately10,000 students in thirteen schools that are located across the state. For more information, access the district web site at www.sccharter.org or call the district office at (803) 734-8322.

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Date: Monday, May 7, 2012 5:27 PM
From: Benita Dinkins <benitadinkins@yahoo.com>
To: Wayne Dr.Brazell <WBrazell@scpcsd.sc.gov>
Cc: watsonlawfirm@sc.twcbc.com
Subject: RE: Re: Revocation Notification
Size: 18 KB

Please contact our attorney.

On Mon, 5/7/12, Brazell, Wayne Dr. <WBrazell@scpcsd.sc.gov> wrote:

> From: Brazell, Wayne Dr. <WBrazell@scpcsd.sc.gov>
> Subject: RE: Re: Revocation Notification
> To: "'Benita Dinkins'" <benitadinkins@yahoo.com>
> Date: Monday, May 7, 2012, 1:18 PM
>
> Benita,
>
> We still have a process that we have to follow, but we will do it without contacting you. We are following the guidelines for revocation from the National Association of Charter School Authorizers. By not being able to discuss any part of the concept with you, I think it is going to make it more difficult for both of the school and the District.
>
> Wayne
>
> From:
> Benita Dinkins [mailto:benitadinkins@yahoo.com]
> Sent: Friday, May 04, 2012 7:31 PM
> To: Brazell, Wayne Dr.
> Subject: Fw: Re: Revocation Notification

On Fri, 5/4/12, Benita Dinkins <benitadinkins@yahoo.com> wrote:

Your notice is fine. However, me or my staff will not talk to you with out our attroney present. We are in legal procedures at this point and would prefer you contact our attorney. We will appeal the decision and plan to open August 6, 2012.

--- On **Fri, 5/4/12, Brazell, Wayne Dr. <WBrazell@scpcsd.sc.gov>** wrote:

> From: Brazell, Wayne Dr. <WBrazell@scpcsd.sc.gov>
> Subject: Revocation Notification
> To: "'Benita Dinkins'" <benitadinkins@yahoo.com>
> Cc: "Butch Bowers (butch.bowers@wcsr.com)" <butch.bowers@wcsr.com>, "Don McLaurin (mclaurin@mindspring.com)" <mclaurin@mindspring.com>, "aclames2010@yahoo.com" <aclames2010@yahoo.com>, "Davis, Rebecca" <RDavis@scpcsd.sc.gov>, "Revell, Carol" <CRevell@scpcsd.sc.gov>, "Eaton, Clay" <CEaton@scpcsd.sc.gov>, "Cooper-Reed, Dana" <DCooper-Reed@scpcsd.sc.gov>, "Mills, Courtney" <CMills@scpcsd.sc.gov>, "Jackson, Mike" <MJackson@scpcsd.sc.gov>, "Gray, Paula" <PGray@scpcsd.sc.gov>, "Compton, Robert" <RCompton@scpcsd.sc.gov>, "Bryant-Riches, Traci" <TBryant-Riches@scpcsd.sc.gov>, "Wanda Whatley" <wcwhatley@bellsouth.net>, "Brazell, Wayne Dr." <WBrazell@scpcsd.sc.gov>, "James, William" <WJames@scpcsd.sc.gov>, "Ealy, Zenobia" <ZEaly@scpcsd.sc.gov>
> Date: Friday, May 4, 2012, 5:35 AM
>
> Benita,
>
> This is to let you know informally that the SCPCSD Board of Trustees did vote yesterday (May 3, 2012) to Revoke the Charter for MLD. An official letter or revocation will be forth coming. I will visit the school on Monday morning, May 7, 2012, to discuss the immediate issues relative to this decision by the SCPCSD Board. As always, please don't hesitate to call or email if you have questions before my visit on Monday. We are submitting a press release today on the Board action, so I wanted you to be aware before receiving the official letter.

Wayne

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STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

APPEAL FROM SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT
Don McLaurin, Chairman

Case No. 12-ALJ-30-0281-AP

Mary L. Dinkins Higher Learning Academy (MLD).....Appellant,

V.

South Carolina Public Charter School District.....Respondent,

---

CERTIFICATE OF SERVICE

I, Johnny E. Watson, Attorney for the Appellant, do hereby certify that I have, on the date set forth below, served the Notice of Motion and Motion for Immediate Restraining Order or Ex-parte TRO upon the Respondent by hand delivery at his office at the address below:

Johnny E. Watson

Johnny E. Watson, Esquire

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Counsel for appellant

Todd Carroll, Esquire
Hall and Bowers, LLC
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Post Office Box 12107
Columbia, S. C. 29201
(803) 734-3209

Counsel for Respondent

Columbia, South Carolina
Dated: July 9, 2012

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SC ADMIN. LAW COURT

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STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Mary L. Dinkins Higher Learning Academy, Appellant, vs. South Carolina Public Charter School District, Respondent.	Docket No. 12-ALJ-30-281-AP MOTION TO DISMISS

The South Carolina Public Charter School District moves the Court for an order dismissing this case for lack of subject matter jurisdiction, as the Mary L. Dinkins Higher Learning Academy did not timely invoke the Court's appellate jurisdiction in accordance with the Administrative Procedures Act. The school's failure to timely file a Notice of Appeal bars the Court from exercising jurisdiction over this case, and it should be dismissed accordingly.

ARGUMENT

The South Carolina Public Charter School District is a statewide school district created by the Charter Schools Act. S.C. Code Ann. §§ 59-40-220 to -230. Among its responsibilities under the Act is the duty to approve or reject applications to start new charter schools within the District, *Id.* § 59-40-70, as well as the duty to monitor the conduct of existing charter schools to ensure that they remain in compliance with the standards contained in the South Carolina Code and their respective charter agreements, *Id.* § 59-40-110.

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SC ADMIN. LAW COURT

The Charter Schools Act outlines a series of circumstances under which the District "must" revoke a school's charter agreement. By law, the District is required to terminate a school's charter if the school has "committed a material violation of the conditions, standards, or procedures provided for in the charter application"; the school "failed to meet or make reasonable progress, as defined in the charter application, toward pupil achievement standards identified in the charter application"; or the school "violated any provision of law from which the charter school was not specifically exempted." *Id.* § 59-40-110(C).

The Charter Schools Act also establishes an administrative process for resolving disputes that arise when the District attempts to revoke a school's charter agreement. Upon the school's written request, the school is entitled to a hearing before the District, and the Act also establishes certain timelines that govern this hearing process. *Id.* §§ 59-40-110(D), (F).

In this case, the South Carolina Public Charter School District faithfully followed the Charter Schools Act when it decided to revoke the charter of the Mary L. Dinkins Higher Learning Academy for failing to make any progress towards educating its students and for violating South Carolina law when issuing high school diplomas. As set forth in the District's order, it gave the school the requisite notice, held a public hearing during which the school presented evidence and cross-examined District personnel, and even suspended that hearing when the school came unprepared to present certain evidence so that the school could include those materials in the record. (Ex. A, Order of the Public Charter School District (May 16, 2012).)

Under the Charter Schools Act, the only remedy from a decision to revoke a school's charter is to seek an appeal before the Administrative Law Court. *See* S.C. Code Ann. § 59-40-110(H) ("A decision to revoke or not to renew a charter school may be appealed to the Administrative Law Court pursuant to the provisions of Section 59-40-90."). Importantly, the Charter Schools Act only vests the Administrative Law Court with jurisdiction to hear appeals under South Carolina Code § 1-23-600*(D)*, not contested cases under Section 1-23-600*(B)*. *See id.* § 59-40-90 (authorizing "[a] final decision of the school district" to be appealed to the Administrative Law Court under South Carolina Code § 1-23-600(D)).

This fundamental distinction is fatal to the school's case before this Court. The Court's subject matter jurisdiction over disputes arising under the Charter Schools Act is limited to appeals, not *de novo* hearings regarding a charter application or revocation decision. Under the Administrative Procedures Act, the Court's appellate jurisdiction is not triggered unless and until a party files a Notice of Appeal:

> Proceedings for review are instituted by serving and filing notice of appeal as provided in the South Carolina Appellate Court Rules within thirty days after the final decision of the agency or, if a rehearing is requested, within thirty days after the decision is rendered. Copies of the notice of appeal must be served upon the agency and all parties of record.

Id. § 1-23-380(1).[1]

Importantly, the thirty-day time limit for filing and serving a Notice of Appeal is a jurisdictional matter, and the Court does not have any discretion to extend this deadline. *See, e.g., Elam v. S.C. DOT*, 361 S.C. 9, 14–15, 602 S.E.2d 772, 775 (2004) ("The

[1] The relevant Appellate Court Rule for serving and filing a notice of appeal is Rule 203, SCACR.

requirement of service of the notice of appeal is jurisdictional, *i.e.*, if a party misses the deadline, the appellate court lacks jurisdiction to consider the appeal and has no authority or discretion to 'rescue' the delinquent party by extending or ignoring the deadline for service of the notice."); *Mears v. Mears*, 287 S.C. 168, 169, 337 S.E.2d 206, 207 (1985) ("Service of the notice of intent to appeal is a jurisdictional requirement, and this Court has no authority to extend or expand the time in which the notice of intent to appeal must be served.").

Here, the Public Charter School District issued its order revoking the school's charter on May 16, 2012. The deadline for invoking the Court's appellate jurisdiction, therefore, was June 16, 2012. But the school has never filed a Notice of Appeal of that decision. Instead, it filed a Request for a Contested Hearing on June 11, 2012. The Court does not have any subject matter jurisdiction to conduct a contested case hearing, which is governed by an entirely different body of statutes and procedural rules than appeals.

Nor can a filing that requests a contested case hearing substitute for a Notice of Appeal. For one, they are governed by different procedural rules: Rule 11 governs a "Request for a Contested Case Hearing" while Rule 33 governs a "Notice of Appeal." The school's June 11th filing also lacks several elements required for a Notice of Appeal, including "the name, address, telephone number and e-mail address of the party requesting the appeal" (Rule 33(A)); "a general statement of the grounds for appeal as provided in S.C. Code Ann. § 1-23-300(A)(6)" (Rule 33(B)); the "copy of the request for a transcript" (Rule 33(D)); and, apparently, the filing fee associated with a Notice of Appeal (Rule 33).

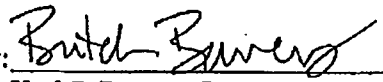
At bottom, the school has not filed a Notice of Appeal, as required by the Administrative Procedures Act to invoke the Court's appellate jurisdiction. And because the Court does not have subject matter jurisdiction to conduct a contested case hearing over a dispute that arises from the Charter Schools Act, this case should be dismissed for lack of jurisdiction.

CONCLUSION

The Mary L. Dinkins Higher Learning Academy has attempted to invoke the Court's jurisdiction to conduct a contested case hearing, but the Court's jurisdiction under the Charter Schools Act is limited only to appellate matters. Because the school has not filed a Notice of Appeal, it is too late to invoke the Court's appellate jurisdiction under the Administrative Procedures Act. Accordingly, the Court should dismiss this case for lack of subject matter jurisdiction.

Respectfully submitted,

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

By: 

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Attorneys for the South Carolina Public Charter School District

July 11, 2012
Columbia, South Carolina

Exhibit A

Order of the South Carolina Public Charter School District (June 11, 2012)

THE STATE OF SOUTH CAROLINA
BEFORE THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

In re: Mary L. Dinkins Higher Learning Academy	)	DECISION

This matter is before the South Carolina Public Charter School District regarding the possible revocation of the charter of the Mary L. Dinkins Higher Learning Academy ("MLD"). For the reasons explained below, the District hereby revokes MLD's charter.

PROCEDURAL BACKGROUND

MLD entered the District on a probationary status on August 12, 2010, with the mutually-agreed expectation that MLD would demonstrate a high degree of academic growth. As part of its annual evaluation of MLD, the District determined that MLD had failed to make progress towards this and the other academic milestones in its charter. The District voted to revoke MLD's charter for a "material violation of the charter application and failure to meet or make reasonable academic progress." In response, MLD requested a hearing with respect to the revocation decision.

On March 27, 2012, the District wrote MLD a letter outlining the grounds for possible revocation, as well as the procedures that would be followed during that hearing. On March 30, 2012, the District wrote MLD an additional letter notifying the school that the hearing would be scheduled for April 19, 2012 "[i]n order to further ensure proper preparation time" for both sides.[1]

On April 19, 2012, the District commenced a hearing on the possible revocation of MLD's charter. Both MLD and the District presented witnesses, who were subject to cross-

[1] The District initially scheduled the revocation hearing for April 12, 2012, but agreed to move the hearing date to April 19, 2012 at the request of counsel for MLD.

examination, and presented documentary evidence. Near the conclusion of that hearing, the District suspended the proceedings at the request of counsel for MLD and agreed to hold the record open until April 30, 2012, for the inclusion of any additional materials; and decided to reconvene on May 3, 2012, to vote on the revocation decision. On April 30, 2012, counsel for MLD requested that the District include additional materials in the record.

On May 3, 2012, the District resumed the hearing. After considering all the testimony and documentary evidence presented, as well as the applicable law and arguments of counsel, the District voted to revoke MLD's charter. This vote was taken in public in accordance with the South Carolina Freedom of Information Act.

FINDINGS OF FACT

The District has reviewed all of the testimony and evidence submitted by the parties. Based on the totality of the evidence, the District makes the following factual findings:

1. As a condition of entering the District, MLD agreed to show a high degree of academic progress.

2. MLD's charter agreement states that it will teach its students to "[r]ead, write, and communicate effectively."

3. MLD's charter agreement states that it will teach its students to "[u]se mathematics, science, the arts, and computers effectively."

4. MLD"s charter agreement states that it will teach its students to "[a]cquire, integrate, and apply essential knowledge from the core academic disciplines."

5. MLD's charter agreement states that it will incorporate the "South Carolina Academic Standards for all subjects" to "identify the goals that our students will achieve at each grade level."

6. Over the past six years, MLD has met one Annual Yearly Progress ("AYP") academic objective out of twenty-two, or 4.5% percent of its AYP academic objectives over this time frame.

7. In May 2011, sixty-one students at MLD were enrolled in classes that require an end-of-course ("EOC") exam. However, only seven students enrolled in those courses took an EOC exam. Twelve additional students who were not enrolled in those courses also took an EOC exam. No one at MLD has explained why so many students who were enrolled in these courses failed to take an EOC exam or why students who were not enrolled in these courses did take an EOC exam. Nevertheless, eighteen of the nineteen students who took an EOC exam failed. The breakdown of these scores is as follows:

Course	Students Enrolled	Enrolled Students who took an EOC	Enrolled Students who passed an EOC	Non-Enrolled Students who took an EOC	Non-Enrolled Students who passed an EOC
Algebra I	20	1	0	0	0
Biology	10	0	0	0	0
Physical Science	11	3	0	6	0
United States History	8	0	0	5	0
English I	12	3	1	1	0
Totals	**61**	**7**	**1**	**12**	**0**

8. In 2009, 55.6% of MLD's students who took the High School Assessment Program ("HSAP") passed both sections of the test. In 2010 and 2011, this percentage dropped to 14.3% and 16.7%, respectively.

9. In 2010, 45% of MLD's middle school students met the English/Language Arts standards of the Palmetto Assessment of State Standards ("PASS") test. In 2011, this percentage dropped to 21%. In 2011, only 21.1% of MLD's middle school students met the Mathematics standards for this test.

10. In 2010, 32.4% of MLD's elementary students met the Mathematics standards of the PASS test. In 2011, this percentage dropped to 14.3%. In 2011, 50% of MLD's elementary students met the English/Language Arts standards for this test.

11. One of MLD's high school graduates was awarded a diploma despite having only twenty-two course credits.

CONCLUSIONS OF LAW

Based on these factual findings, the District concludes as follows:

1. South Carolina Code § 59-40-110(C) authorizes a sponsoring school district to revoke or not renew a charter of a school that "commit[s] a material violation of the conditions, standards, or procedures provided for in the charter application"; that "fail[s] to meet or make reasonable progress, as defined in the charter application, towards pupil achievement standards identified in the charter application"; or that "violate[s] any provision of law from which the charter school was not specifically exempted."

2. Under any reasonable interpretation of the Charter Schools Act or understanding of MLD's charter agreement, MLD's record of student test scores cannot support its continued operation as a school in the District. Under any metric—AYP testing, EOC testing, HSAP testing, or PASS testing—MLD has failed to make progress towards adequately educating its students:

- Over a six-year period, it has met only one out of twenty-two AYP academic objectives.
- In 2011, only one student passed any EOC examination, and—for no apparent reason—fifty-four out of sixty-one students were never given an EOC examination in classes that required such a test.
- The percentage of MLD students who passed the HSAP exam fell from 55.6% in 2009 to 16.7% in 2011.

- From 2010 to 2011, the percentage of MLD elementary students who met the state's standards for mathematics, as measured through the PASS test, dropped from 32.4% to 14.3%. In this same time period, the percentage of MLD middle school students who met the state's standards for English and language arts dropped from 45% to 21%.

When questioned at the April 19, 2012 hearing in this matter, Benita Dinkins-Robinson—the chief administrative official with MLD—conceded that the school had not met at least one of the academic standards set forth in the school's charter agreement. Under these circumstances, the District concludes that revocation is appropriate under South Carolina Code §§ 59-40-110(C)(1) and (C)(2).

3. South Carolina Regulation 43-234(I)(A) requires students to earn twenty-four specific course credits in order to be awarded a high school diploma. MLD awarded at least one student a high school diploma even though the student had only earned twenty-two of the required credits. The District concludes that this violation of state law also makes revocation appropriate under South Carolina Code § 59-40-110(C)(4).

CONCLUSION

The District does not come to its decision lightly. It has every desire to work with charter schools to ensure that they flourish, thrive, and educate South Carolina's children. However, based on the whole record presented, the District has no choice but to revoke MLD's charter. MLD shall wind up its affairs in accordance with the procedures outlined in the Charter Schools Act.

AND IT IS SO DECIDED.

Donald L. McLaurin

Donald L. McLaurin
Chairman, South Carolina Public Charter
School District Board of Trustees

May 10, 2012

CERTIFICATE OF SERVICE

I, the undersigned Legal Assistant of the law offices of Womble Carlyle Sandridge & Rice LLP, attorneys for South Carolina Public Charter School District do hereby certify that I have served all parties in this action with a copy of the pleading hereinbelow specified by mailing a copy of the same by United States Mail, postage prepaid, to the following address:

Pleading: **Motion to Dismiss**

Parties Served: Johnny E. Watson
2715 Edgewood Avenue
Columbia, SC 29204

Todd Mathis

July 11, 2012

FILED
JUL 11 2012
SC ADMIN. LAW COURT

IN THE STATE OF SOUTH CAROLINA
In the Administrative Law Court

FROM THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT

Don McLaurin, Chairman

Case No.: Revocation Decision of May 16, 2012

Mary L. Dinkins Higher Learning Academy (MLD), ... APPELLANT

v.

South Carolina Public Charter School District (District)..... APPELLEE

RETURN TO APPELLEE'S MOTION TO DISMISS

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Counsel for Appellant Young
Entrepreneurial Vocational Academy

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butchbowers@hallbowers.com
Counsel for Respondent S. C. Public
Charter School District

Mr. Alan Wilson
Attorney General of South Carolina
P. O. Box 11549 (zip 20211)
1000 Assembly Street
Columbia, South Carolina 29201

FILED
JUL 24 2012
SC ADMIN. LAW COURT

Section I. 2. of the Rules of Procedure for the Administrative Law Court includes the following definitions:

B. **Agency** means a state agency, department, board or commission whose action is the subject of a contested hearing, an appeal heard by an administrative law judge, or a public hearing on a proposed regulation presided over by an administrative law judge.

C. **Appeal** means the review conducted by an administrative law judge of an agency decision on the record in the agency and additional evidence presented to the administrative law judge pursuant to the Administrative Procedure Act.

The appellee clearly indicated in its motion on page 1 of its argument that it is an agency of the state.

The appellant is clearly requesting a review of the decision of the appellee, made on the record, to revoke its charter. In particular, the appellant is asking this Court to determine, in a contested setting:

1. Whether the Charter of the Mary L. Dinkins Higher Learning Academy was lawfully revoked under section 59-40-110 of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976);
2. Whether the South Carolina Charter Act is constitutional in its provision which allows a charter school sponsor be both the accuser and finder of fact in a charter revocation hearing under section 59-40-110 (C) of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976);

3. Whether the revocation hearing by the District was held within the time limits imposed under the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976) and

4. Whether the South Carolina Charter School District violated other provisions of the South Carolina Charter School Act (South Carolina Code of Laws Annotated 1976) in its decision to revoke the charter of the Mary L. Dinkins Higher Learning Academy?

Hence, this is clearly an appeal as defined by the rules of the Administrative Law Court. There is a decision of the District on the record from which the appellant is requesting a review.

Further, since the record was made in a clearly biased setting where the appellee was both the accuser and the Judge, the appellant is seeking a contested appeal where this court can make further inquire, including allowing the parties to call such additional witnesses as circumstances dictate, as it sees fit to render a proper decision.

If this Motion to dismiss is construed as a Motion for Summary Judgment, the courts of this state have said, As to a Motion for Summary Judgment, Rule 56 of the South Carolina Rules of Civil Procedure states, "(t)he judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories and admission on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law. To determine whether any triable issues

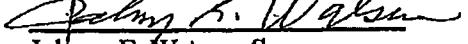
of fact exists, the reviewing court must consider the evidence and all reasonable inferences **in the light most favorable to the non-moving party.** *Law v. S. C. Department of Corrections,* 368 S. C. 424, 434, 629 S. E. 2d 642, 648 (2006); *Silvester* v. Spring Valley Country Club, 344 S. C. 280, 5443 S. E. 2d 563 (Ct. App. 2001). Summary Judgment is appropriate **is not appropriate where** further inquiry into the facts of the case is desirable to clarify the application of the law. *Bennett v. Investors Title Insurance Company*, 370 S. C. 578, 588; 635 S. E. 2d 649, 654 (Ct. App. 2006). Even where there is no dispute as to evidentiary facts but only as to the conclusion or inferences to be drawn from them, Summary Judgment should be denied. *Nelson v. Charleston County Parks & Recreation Comm'n,* 362 S. C. 1, 5; 605 S. E. 2d 744, 746 (Ct. App. 2004).

Clearly, summary judgment in this case would be improper if the appellee's motion is construed as a motion for such judgment.

From the appellee's own motion it is clear that the appellant's motion was timely made. The District rendered its decision on May 16, 2012 and this appeal was filed on June 11, 2012.

The appellant therefore respectfully requests that the motion to the appellee to dismiss that appeal be denied.

Respectfully submitted,

BY: 

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watsonlawfirm@sc.twcbc.com

Columbia, South Carolina
Dated: July 24, 2012

CERTIFICATE OF SERVICE

I, Johnny E. Watson, of 2715 Edgewood Avenue (29204), P. O. Box 2305, Columbia, South Carolina 29202, hereby certify that I have served the individuals named below with a copy of the document described herein by depositing the document in the United States mail, postage prepaid or hand delivery and sent the same to them at the address listed herein below:

PERSON SERVED: Mr. Karl S. Bowers, Jr.
Hall & Bowers. LLC
Attorney for the Appellee
1727 Hampton Street
Columbia, South Carolina 29201

DOCUMENT: **RETURN TO APPELLEE'S MOTION TO DISMISS**

Johnny E. Watson
JOHNNY E. WATSON

Columbia, South Carolina
Date: July 24, 2012

FILED
JUL 24 2012
SC ADMIN. LAW COURT

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Mary L. Dinkins Higher Learning Academy, Appellant, vs. South Carolina Public Charter School District, Respondent.	)	Docket No.: 12-ALJ-30-0281-AP **ORDER**

This matter is before the South Carolina Administrative Law Court ("ALC" or "Court") pursuant to a request for judicial review filed by Mary L. Dinkins Higher Learning Academy ("Appellant") on June 11, 2012. On July 9, 2012, the Appellant filed a Motion seeking to enjoin the South Carolina Public Charter School District ("Respondent") from taking any further action to terminate or adversely affect the charter of the Appellant prior to the final adjudication of this appeal. On July 11, 2012, the Respondent filed a Motion in response requesting dismissal of this appeal based on the Appellant's failure to timely file a proper Notice of Appeal with this Court.

In the Motion, Respondent argues that the Court lacks subject matter jurisdiction over this matter because the Appellant failed to file notice of the appeal in accordance with ALC Rule 33. Specifically, Respondent argues that what Appellant filed with the Court was a Request for Contested Case Hearing and not the required Notice of Appeal. S.C. Code Ann. § 59-40-90 provides that "a final decision of the school district may be appealed ... to the Administrative Law Court as provided in ... section 1-23-600(D)." Additionally, S.C Code Ann §1-23-600(D) provides that the ALC shall preside over all appeals from final decisions of contested cases pursuant to the Administrative Procedures Act.

Respondent further alleges that Appellant's June 11, 2012 filings do not meet the requirements of ALC Rule 33, which provides that:

> The notice shall be accompanied by a filing fee as provided in Rule 71 and shall contain the following information:
>
> A. the name, address, telephone number and e-mail address of the party requesting the appeal, and the name, address, telephone number and e

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JUL 24 2012
SC ADMIN. LAW COURT

mail address of the attorney or other authorized representative, if any, representing that party;

B. a general statement of the grounds for appeal as provided in S.C. Code Ann. §1-23-380(A)(6). The grounds for appeal may be amended, supplemented or modified in the statement of issues in the brief required by Rule 37(B)(1);

C. a copy of the final decision which is the subject of the appeal and the date received;

D. a copy of the request for a transcript; and

E. a certificate of service of the notice of appeal on all parties.

However, following this Court's careful review of the documents filed by Appellant on June 11, 2012 it is evident that Appellant's intent is to appeal Respondent's Order revoking the Charter of Mary L. Dinkins Higher Learning Academy. Although the Appellant's cover sheet contains the wording "REQUEST FOR CONTESTED HEARING", the filing otherwise complies with the requirements of ALC Rule 33. This Court will not dismiss an appeal based solely on what appears to be a captioning error by Appellant. See Mictronics, Inc. v. South Carolina Department of Revenue, 345 S.C. 506, 548 S.E.2d 223 (S.C. App. 2001) (South Carolina policy favors the disposition of issues on their merits rather than on technicalities). Also, see, McDowell v. South Carolina Dept. of Social Services, 300 S.C. 24, 28, 386 S.E.2d 280, 282 (S.C. App., 1989) (citing 71 C.J.S. Pleading Sec. 547 at 1111(1951) ("[T]he courts should not regard seriously objections to the pleadings, more technical than real, which do not operate to the prejudice of the substantial rights of a litigant.")).

Based on the foregoing, I find that the Appellant properly and timely appealed Respondent's Order; and I further find that this Court has subject matter jurisdiction to preside over this matter. Therefore, Respondent's Motion requesting that this case be dismissed should be denied.

Furthermore, ALC Rule 34 provides in part that:

> The filing of an appeal from the final decision of an agency shall stay the final decision of that agency unless the effect of filing an appeal is otherwise established by statute, the Administrative Procedures Act notwithstanding; or the administrative law judge has entered an order regarding the effect of the proceedings in the agency. (emphasis added).

The Charter School Act is silent on what effect the filing of an appeal has on the final decision, therefore ALC Rule 34 is controlling. In essence, the filing of the Appeal in this instance stays the enforcement of Respondent's Order.

THEREFORE, IT IS HEREBY ORDERED that the Respondent's Motion to Dismiss is **DENIED.**

IT IS FURTHER ORDERED that the final decision of the South Carolina Public School District in this matter is **STAYED** in accordance with ALC Rule 34.

AND IT IS SO ORDERED.

SHIRLEY C. ROBINSON
Administrative Law Judge

July 24th, 2012
Columbia, South Carolina

CERTIFICATE OF SERVICE
This is to certify that the undersigned has this date served this order in the above entitled action upon all parties to this cause by depositing a copy hereof, in the United States mail, postage paid, or in the interagency Mail Service addressed to the party(ies) or their attorney(s).

This 24 day of July 2012

By: Judicial Law Clerk

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)))	IN THE ADMINISTRATIVE LAW COURT OF THE STATE OF SOUTH CAROLINA
MARY L. DINKINS HIGHER LEARNING ACADEMY (MLD), APPELLANT, v. SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT (DISTRICT), APPELLEE.	)	DOCKET NO.: 12-ALJ-30-0281-AP **RULE TO SHOW CAUSE**

TO: THE DEFENDANTS, ABOVE-NAMED:

PLEASE TAKE NOTICE that the above-named Appellant, MARY L. DINKINS HIGHER LEARNING ACADEMY (MLD), by and through its attorney, undersigned, will move before the Honorable Shirley C. Robinson, Administrative Law Judge, within 24 hours, or as soon thereafter as this matter may be heard, for a Rule show cause why the appellee should not be held in contempt of court and ordered to pay the appellant damages, including attorney's fees, for its continued violation of the Automatic Stay Order prohibiting the appellee from taking any further action to terminate or adversely affect the existence of the MARY L. DINKINS HIGHER LEARNING ACADEMY prior to the final adjudication of the appeal of the appellee's decision to revoke the charter of the MARY L. DINKINS HIGHER LEARNING ACADEMY, based on the South Carolina Rules of Civil Procedure, the statutory and common laws of this state, and the following facts:

1. On May 16, 2012 the appellee, South Carolina Public Charter School District (District) issued its decision revoking the charter of the appellant, the Mary L. Dinkins

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Higher Learning Academy (MLD).

2. On June 11, 2012 MLD filed a request for the Administrative Law Court to review the decision of the District.

3. On June 15, 2012 the Honorable Shirley C. Robinson was assigned to preside in the appeal.

4. On June 19, 2012 Judge Robinson issued the Order Governing Procedure.

5. On July 9, 2012 MLD filed its Notice of Motion and Motion for a Restraining Order to stop the unlawful steps the District has taken to render any future decision of this Court in favor of the MLD null and void by crippling the ability of the school to continue even if this Court rules in favor of MLD.

6. On July 11, 2012 Judge Robinson e-mailed the attorneys for the parties outlining the provisions of the Automatic Stay in appealed cases (exhibit A).

7. Since that e-mail the District has continued to take steps to damage MLD in violation of the Automatic Stay. In particular the District has, among other things:

   a. Issued a press release disparaging MLD and announced an investigation without informing MLD (exhibit B).

   b. Voted to immediately stop funding MLD on July 12, 2012 per exhibits B and C.

   c. Withheld $200,000.00 in state and federal funds from MLD for the year ending June 12, 2012.

   d. Hired four (4) faculty members away from the school and placed three (3) others (exhibit D),

   e. Withheld $125,000.00 from the school for the month of July, 2012,

   f. Caused its surrogate at the Lee County School District to file to evict MLD from

its campus (exhibit E),

g. Made unannounced/disruptive visits to photograph activities at the school, and

h. Continues to do damage to the reputation and ability of the school to act regardless of the outcome in this appeal.

Respectfully submitted,

BY: _____

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Attorney at Law, SCB# 5967
P. O. Box 2305 (29202)
2715 Edgewood Avenue
Columbia, South Crolina29204
(803) 400-1600 Phone
(803) 400-1200 Fax
watsonlawfirm@sc.twcbc.com

Columbia, South Carolina
Dated: July 25, 2012

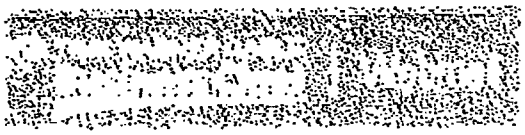
ORDER

There being sufficient reason given, the hearing on this Rule to Show Cause shall be held on the _____ day of _____, 2012 at _____ o'clock __. M., or as soon thereafter as this matter may be called.

IT IS SO ORDERED.

_____
Honorable Shirley C. Robinson,
Presiding Judge

Columbia, South Carolina
Dated: _____



Messages | Addresses | Settings

Inbox > Read Message

watsonlawfirm@sc.twcbc.com | Log Out

Folders [illegible]

- Inbox (4)
- Drafts (3)
- Sent Mail
- Deleted Items (12)
- Junk Mail (1)

Usage

You are using 40% of your mailbox (44 MB out of 110 MB)

Reply | Reply All | Forward | Delete | Spam

Create New Filter | Detail | Printable View

Move to: Drafts OK

Date: Wednesday, July 11, 2012 4:56 PM
From: Bowers, Butch <Butch.Bowers@wcsr.com>
To: Teckla Henderson <thenderson@scalc.net>, watsonlawfirm@sc.twcbc.com <watsonlawfirm@sc.twcbc.com>
Cc: Carroll, Todd <Todd.Carroll@wcsr.com>
Subject: RE: Mary L. Dinkins Higher Learning Academy v. SC Public Charter School District 12A0281
Size: 2 MB
Attachments: 20120711153428676.pdf (1745.3 KB)

Teckla and Mr. Watson: attached please find our Motion to Dismiss the Appellant's request for a contested case hearing, which was filed and served a short while ago. Thanks very much,

Butch

From:
Teckla Henderson [mailto:thenderson@scalc.net]
Sent: Wednesday, July 11, 2012 1:53 PM
To: watsonlawfirm@sc.twcbc.com; Bowers, Butch
Subject: RE: Mary L. Dinkins Higher Learning Academy v. SC Public Charter School District 12A0281

Dear Attorneys:

The Court was recently informed by the Respondent that it intends on filing a Response to the Appellant's Motion by the end of this week. Therefore, the Court will wait until the Response is filed before issuing its decision on the Motion.

EXHIBIT A

In the meantime, the Court has ordered that any enforcement action that has been taken against the Appellant shall be Stayed until this matter can be

resolved.

Please contact me with questions and/or concerns.

Very truly yours,

Teckla S. Henderson

Judicial Law Clerk to The Honorable Shirley C. Robinson

South Carolina Administrative Law Court

Edgar Brown Building

1205 Pendleton Street, Suite 224

Columbia, South Carolina 29201

(803) 734- 6402 Chambers

(803) 734- 6400 Fax

From:
Teckla Henderson
Sent: Wednesday, July 11, 2012 12:06 PM
To: 'watsonlawfirm@sc.twcbc.com'; 'butch.bowers@wcsr.com'
Subject: RE: Mary L. Dinkins Higher Learning Academy v. SC Public Charter School District 12A0281

From:
Teckla Henderson
Sent: Wednesday, July 11, 2012 12:02 PM
To: 'watsonlawfirm@sc.twcbc.com'; 'butchbowers@hallbowers.com'
Subject: Mary L. Dinkins Higher Learning Academy v. SC Public Charter School District 12A0281

Dear Attorneys:

The Court is in receipt of the Appellant's Motion which seeks an immediate restraining order or Exparte TRO prohibiting the Respondent from "taking any further action to terminate or adversely affect the existence of [the Appellant] prior to the final adjudication of the appeal..."

In response, the Court will issue an order clarifying the application of ALC Rule 34 which Stays the final decision of the Respondent upon the Appellant's filing of the Notice of Appeal with this Court.

ALC Rule 34 provides that:

34. Automatic Stay of Proceedings Upon Appeal. The filing of an appeal from the final decision of an agency shall stay the final decision of that agency unless the effect of filing an appeal is otherwise established by statute, the Administrative Procedures Act notwithstanding; or the administrative law judge has entered an order regarding the effect of the proceedings in the agency. Notwithstanding the foregoing, upon the filing of an appeal from the final decision of an agency, any party may apply to the administrative law judge for an order regarding the effect of the appeal on the agency decision.

If there are any further questions or concerns, please do not hesitate to contact me.

Very truly yours,

Teckla S. Henderson

Judicial Law Clerk to The Honorable Shirley C. Robinson

South Carolina Administrative Law Court

Edgar Brown Building

1205 Pendleton Street, Suite 224

Columbia, South Carolina 29201

(803) 734- 6402 Chambers

(803) 734- 6400 Fax

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Press Release
The South Carolina Public Charter School District

803-734-8326 3710 Landmark Drive, Suite 201
www.sccharter.org Columbia, SC 29204

Board of SC Public Charter School District Stops Funding for Mary L. Dinkins Higher Learning Academy; District Office Asks South Carolina Law Enforcement Division and State Department of Education Authorities to Investigate the School

On Thursday, July 12, 2012, the Board of Trustees of the South Carolina Public Charter School District voted to immediately conclude funding for Mary L. Dinkins Higher Learning Academy (MLD). This action follows the earlier recommendation by the district office administration that the South Carolina Law Enforcement Division and the General Counsel of the South Carolina Department of Education investigate the personnel of the school regarding the issuance of fraudulent diplomas and an inordinate number of other academic and financial discrepancies. The SC Department of Education investigation has already started. The referrals to legal authorities come after routine monitoring by the district office revealed problems at the school that necessitated more extensive reviews over a period of several months.

The action of the Board of Trustees of the SC Public Charter School District follows a spring 2012 decision to revoke the charter of the school. The school was located in Bishopville in Lee County but was under the oversight of the SC Public Charter School District, which is a state-wide public school district. When it was closed at the ending of the 2011-2012 school year, MLD was funded for approximately 150 students ranging from preschool through eighth grade. The school discontinued high school enrollment in 2011.

"The decision of the Board underscores our resolve to maintain the ethical, legal, and academic standards of the law with respect to public education, all in the best interest of public school students and public taxpayers," says SC Public Charter School District Superintendent Wayne Brazell, Ph. D. "We will work in tandem with both SLED and the SC Department of Education authorities to pursue any legal recourse against anyone who worked at or for MLD who violated state laws."

Each public charter school in the state agrees to operate under a charter, which is a legal contract between the governing board of every school and the authorizing office. School accountability is an important aspect of the charter school approach. Authorizers of public charter schools in South Carolina, such as the SC Public Charter School District, are required by the state charter school law to revoke the charter of a school if the authorizer determines that the school committed a material violation of the conditions, standards, or procedures of the charter, failed to meet or make reasonable progress toward academic achievement standards identified in the charter, failed to meet generally accepted fiscal management standards, or violated any provision of the law from which public charter schools are not specifically exempt. MLD was originally opened under the auspices of the Lee County School District, but the school transferred to the state-wide district under a probationary arrangement approximately two years ago.

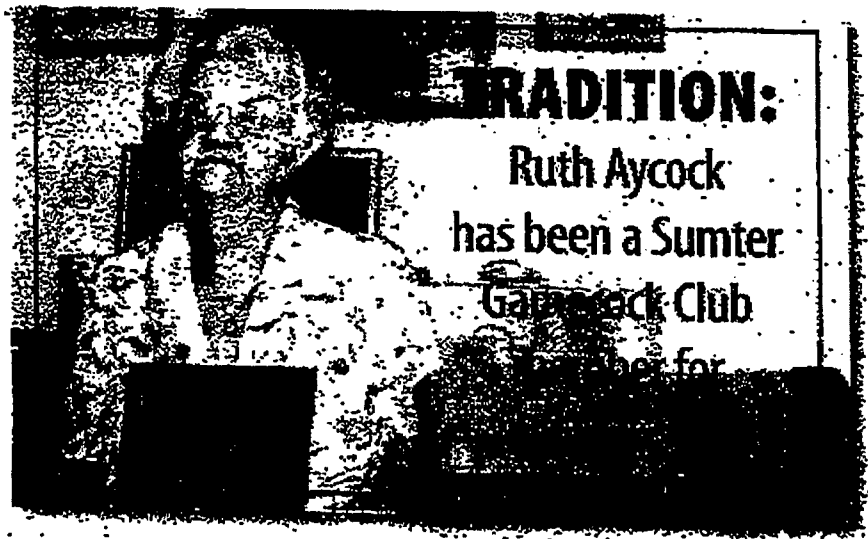
The SC Public Charter School District currently has over 12,000 students in seventeen schools located across the state. For more information, access the district web site at www.sccharter.org or call the district office at (803) 734-8322.

EXHIBIT B

Exhibit C

REC - 46

P V2



The Item

COMING FRIDAY: Family holds vigil for Sumter man shot to death by trooper

VOL. 117, NO. 237 WWW.THEITEM.COM THURSDAY, JULY 19, 2012 | SUMTER, SOUTH CAROLINA FOUNDED OCTOBER 15, 1894 50 CENTS

SLED asked to investigate charter school

BY JADE ANDERSON
janderson@theitem.com

Legal trouble continues to mount for one Bishopville school.

"When we think there is improper use of funds and improper awarding of diplomas, there is a concern," said Wayne Brazell, superintendent of the S.C. Public Charter School District. "We will work in tandem with both SLED and the S.C. Department of Education authorities to pursue any legal recourse against anyone who worked at or for MLD who violated state laws."

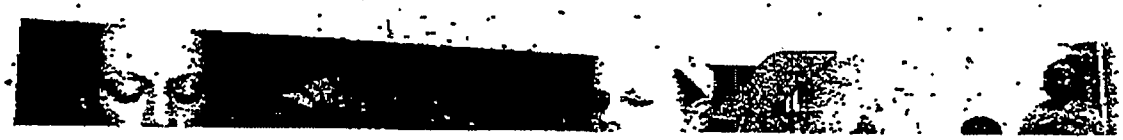
His district's board voted July 12 to immediately stop funding to Mary L. Dinkins Higher Learning Academy, a Wednesday news release stated. The board has also asked the S.C. Law Enforcement Division and the state Department of Education to investigate the personnel of the school regarding the issuance of fraudulent diplomas and an inordinate number of other academic and financial discrepancies. The referrals to legal authorities come after routine monitoring by the district office revealed problems at the school that necessitated more extensive reviews over a period of several months, the release states.

This is not the first clash between the charter school district and the academy. In spring of 2012, the board revoked the school's charter because of lack of academic progress and operational concerns, Brazell said.

"We're not funding them for the upcoming year unless we are told by the court system to do so, which indeed

SEE SCHOOL, PAGE A9

Boy, 8, dies of rare amoeba



4833002 >> 8034001200 MLD 2012-07-23 11:25

REC - 47

P 2/2

4833002 >> 8034001000

MLD

2012-07-23 11:25

SCHOOL

from Page A1

could happen," he said. "We are treating them like a revoked school, but we will certainly do whatever we're told (by the courts)."

MLD Director Benita Dinkins-Robinson said the state charter school district is "grasping for straws."

"The judge has already ruled a stay in this case," she said. "So that means the status of the school can't change. We plan to open right here at Dennis (Intermediate School) on Aug. 6."

As of 4 p.m. Wednesday, Brazell said he had not seen this court order.

Ennis Bryant, principal consultant for the school, said he is also hopeful the school will be able to continue in the fall.

"I haven't seen their press release so I can't really comment on it," he said. "I do know about it, and I can't say much because it's under litigation. But I will say that I hope we will be able to stay open. There's a lot of good things happening at the school — all you have to do is to listen to the parents and their testimonies."

The education department has begun its investigation, but no details are available at this time, said Fritz E. Mason, spokesperson for the S.C. Department of Education.

Each public charter school in the state agrees to operate under a charter, which is a legal contract between the governing board of every school and the authorizing office, the release states. Authorizers of public charter schools in South Carolina, such as the S.C. Public Charter School District, are required by the state charter school law to revoke a charter if the authorizer determines the school committed a material violation of the conditions, standards or procedures of the charter; failed to meet or make reasonable progress toward academic achievement standards identified in the charter; failed to meet generally accepted fiscal management standards; or violated any provision of the law from which public charter schools are not specifically exempt.

The academy was originally opened under the Lee County School District, but the school transferred to the statewide district under a probationary arrangement about two years ago.

That school district and the academy have also had disagreements with the latest being a notice earlier this month to evict the academy from Dennis, which is owned by the Lee County School District. Jeff Long, spokesman for Lee County School District, said the court date for that eviction hearing is tentatively scheduled for Aug. 3.

"It's a matter for the S.C. charter school association now, and they are taking the steps they believe are necessary," said Sanya Moses, chairwoman for the Lee County School District Board of Trustees. "It's no secret that there has been a struggle since MLD's inception. Our main concern now is servicing the children and getting back on track come August. For the parents that are looking for options, consider Lee County schools. We have great things going on here."

Dinkins-Robinson has contended the academy, which has about 160 students, only needs the use of the middle school for a few months as the plan is to break ground on a new school at 4 p.m. Saturday at a site on Pinchum Sly Road near Bishopville.

"We have some reserve funding in place, and we have three or four community partners," she said. "We're going to continue to do God's will."

If the school is shut down, it would be the second school under the statewide charter district and in the tri-county to do so. Young Entrepreneurial Vocational Academy was located in Summerton and closed in 2009. Brazell said its enrollment was too small to be financially viable.

Randy Burns contributed to this article.

Reach Jade Anderson at (803) 774-1250.

OBITUARIES

ALLEN F. DAVIS

Allen Franklin Davis, 65, husband of Beverly A. Davis, died Wednesday, July 18, 2012, at his home.

Services will be announced by Elmore-Cannon-Stephens Funeral Home and Crematorium of Sumter.

Brown officiating. Burial with military honors will be in Evergreen Memorial Park cemetery.

The family would like to express their appreciation to Thomey Hospice for their care and support.

Elmore-Cannon-Stephens Funeral Home and Crematorium of Sumter is in charge of arrangements.

ELOISE WALKER

Eloise Walker, 74, died Tuesday, July 17, 2012, at her home.

She was born in Florence County, daughter of the late Ernest Walker and Ethel Mae Walker.

She was a member of Mount Zion AME Church where she enjoyed cooking, taking care of her loved ones, inspirational music, visiting and caring for the sick.

In addition to her parents, she was preceded in death by her daughter, Barbara Ann Haynesworth Walker; sisters, Jamie Loyd

Viewing will be held from 3 to 7 p.m. today with a wake from 7 to 8 p.m. at Job's Mortuary.

Funeral services will be held at 1 p.m. Friday at Wayman Chapel AME Church with the pastor, the Rev. Laddie N. Howard, eulogist, assisted by the Rev. Charles Brown. Burial will be in Mount Zion Memorial Park.

Job's Mortuary is in charge of arrangements.

ANNIE MAE WELCH

Annie Mae Welch, 84, died Wednesday, July 18, 2012, at her home.

Viewing will be held from 3 to 7 p.m. today with a wake from 7 to 8 p.m. at Job's Mortuary.

Funeral services will be held at 1 p.m. Friday at Wayman Chapel AME Church with the pastor, the Rev. Laddie N. Howard, eulogist, assisted by the Rev. Charles Brown. Burial will be in Mount Zion Memorial Park.

Job's Mortuary is in charge of arrangements.

ANNIE MAE WELCH

Annie Mae Welch, 84, died Wednesday, July 18, 2012, at her home.

A funeral service will be held at 2 p.m. Friday in the Bullock Funeral Home Chapel with the Rev. Dr. Ronald Bullock officiating. Burial will be in Mount Zion Memorial Park.

The family will receive friends at the funeral home from 1 to 2 p.m. Friday.

Bullock Funeral Home is in charge of arrangements.

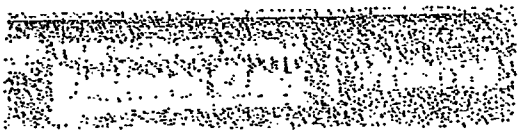
ANNIE MAE WELCH

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In addition to her parents, she was preceded in death by her daughter, Barbara Ann Haynesworth Walker; sisters, Jamie Loyd



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Date: Thursday, July 19, 2012 2:27 AM
From: Benita Dinkins <benitadinkins@yahoo.com>
To: watsonlawfirm@sc.twcbc.com
Subject: Fw: Resignation
Size: 7 KB

--- On **Wed, 7/18/12, Vamshi Rudrapati <vamshiplans@gmail.com>** wrote:

From: Vamshi Rudrapati <vamshiplans@gmail.com>
Subject: Resignation
To: "Benita Robinson" <benitadinkins@yahoo.com>
Cc: "Pat Smith" <ptrcwsmith@aol.com>
Date: Wednesday, July 18, 2012, 4:34 PM

Dear Ms. Robinson,

I regret to inform that I will not be able to work for MLD for 2012-2013 school year.
I have accepted the job at the SCPCSD as Special Ed coordinator.
Looking at my Green card situation I need a stable job for at least for 6 years. It is as hard to me as it is to you. You have trained me enough to go out and face any challenges that may arise.

I will miss MLD and I do my best to assist you in any way I can. As a family, I hope you understand and support me.

Thank you!

Educationally yours,

Vamshi Rudrapati (Mr.V)
Exceptional Education Teacher

"Excellence is not a singular act, but a habit. You are what you repeatedly do."

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Exhibit D

STATE OF SOUTH CAROLINA

COUNTY OF LEE

2012CV3110100336
CIVIL CASE NUMBER
MAGISTRATE'S COURT
RULE TO VACATE OR SHOW CAUSE

Lee County School District

DUPLICATE

PLAINTIFF(S)

Vs

Mary L. Dinkins Higher Learning Academy
321 Roland Street
Bishopville, SC 29010

Benita Dinkins Robinson
321 Roland Street
Bishopville, SC 29010

DEFENDANT(S)

Lee County
Magistrate Court
Date: July 9, 2012
Time: 10:00am

Upon the application of the Plaintiff(s) listed above, which states:

☐ TENANT HAS FAILED TO PAY RENT WHEN DUE OR DEMANDED.
☒ THE TERMS OF THE TENANCY OR OCCUPANCY HAVE ENDED
☐ THE TERMS OR CONDITIONS OF THE LEASE HAVE BEEN VIOLATED.

You the defendant(s) or lessee(s) of the premises located at the address listed above, and all others, are ordered to vacate the premises immediately pursuant to S.C. Code of Laws Section 27-37-10 or contact the: Lee County Magistrate, 115 Gregg Street / P.O. Box 2, , Bishopville, SC 290100002, (803) 484-6463, within ten (10) days excluding date of service, for the purpose of showing why you and all occupants should not be ejected from these premises.

FAILURE TO VACATE THE PREMISES OR TO RESPOND WITHIN TEN (10) DAYS MAY RESULT IN THE ISSUANCE OF A WRIT OF EJECTMENT.

Monday, July 09, 2012

JUDGE, Lee County Magistrate

Personally appeared before me, the undersigned deponent, being duly sworn, says that he attempted to serve the Rule to Vacate or Show Cause on Mary L. Dinkins Higher Learning Academy Benita Dinkins Robinson on the following dates/times:

DATE	TIME	INITIALS
1.		
2.		
3.		

DATE OF SERVICE _____

TIME OF SERVICE _____

SETTLED/DATE _____

VACANT/DATE _____

PERSON SERVED & RELATIONSHIP IF NOT DEFENDANT:

_____

Sworn to and subscribed before me
This _____ day of _____, 20____.

NOTARY PUBLIC OR JUDGE

SIGNATURE OF SERVER

On _____ I DEPOSITED IN THE UNITED STATES MAIL IN AN ENVELOPE ADDRESSED TO THE DEFENDANT(S) ABOVE WITH FIRST CLASS POSTAGE AFFIXED THERETO, A COPY OF THIS DOCUMENT.

MAGISTRATE'S CLERK

Exhibit E

MV 15

STATE OF SOUTH CAROLINA

COUNTY OF LEE

Lee County School District,

Plaintiff,

vs.

Mary L. Dinkins Higher Learning Academy; Benita Dinkins Robinson, Executive Director,

Defendants.

2012CV3110100336
CIVIL CASE NUMBER

IN THE MAGISTRATE'S COURT

APPLICATION FOR EJECTMENT (Eviction)

I, Lee County School District, plaintiff in this action, state that I am the landlord-lessor of premises within the jurisdiction of the Lee County Magistrate, which is described as: 321 Roland Street, Bishopville, SC 29010.

I further state that, with regard to the above-described premises, a landlord-tenant relationship exists between myself and the defendants Mary L. Dinkins Higher Learning Academy (MLD) and Benita Dinkins Robinson, Executive Director of MLD, the tenant-lessee, as evidenced by the following: (Attach lease papers or other written proof).

Grounds for this ejectment are one or more of the following:

The tenant fails or refuses to pay the rent when due or when demanded; or

✓ The term of tenancy or occupancy has ended; or

The terms or conditions of the lease have been violated as follows.

C Rawley Bayle

PLAINTIFF (or his attorney)

Sworn to before me
this 6th day of July, 2012.

Harry H James

Magistrate or Notary Public for South Carolina
My Commission expires January 3 2013

Lee County
Magistrate Court
Date: July 9, 2012
Time: 10:00 am

REC-150

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)	IN THE ADMINISTRATIVE LAW COURT OF THE STATE OF SOUTH CAROLINA
MARY L. DINKINS HIGHER LEARNING ACADEMY, Appellant, v. SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT, Appellee.	)	DOCKET #: VERIFICATION

PERSONALLY APPEARED BEFORE ME,GEORGE WILLIAMS, who, being first duly sworn, deposes and says: that he is the Chairman of the Board of the foregoing Appellant, and that he has read the foregoing Rule to Show Cause Statements and knows that allegations contained therein to be true except as to those allegations which may be alleged upon information and belief, and as to those, he believes them to be true.

GEORGE WILLIAMS

Sworn and subscribed before me
this 23rd day of July, 2012

Notary Public for South Carolina
My Commission Expires: 1-23-2016

FILED
JUL 30 2012
SC ADMIN. LAW COURT

STATE OF SOUTH CAROLINA
ADMINISTRATIVE LAW COURT

Mary L. Dinkins Higher Learning Academy, Appellant, vs. South Carolina Public Charter School District, Respondent.	Docket No.: 12-ALJ-30-0281-AP **ORDER**

This matter is before the South Carolina Administrative Law Court ("ALC" or "Court") pursuant to the Notice of Appeal filed by Mary L. Dinkins Higher Learning Academy ("Appellant") on June 11, 2012. On July 24, 2012, the Court issued an Order which denied the motion of the South Carolina Public Charter School District ("Respondent") seeking to dismiss this appeal and staying the Respondent's final decision to revoke the charter of the Appellant. On July 25, 2012, the Appellant filed a Rule to Show Cause alleging the Respondent's violation of the automatic stay as provided in ALC Rule 34 (Automatic Stay of Proceedings Upon Appeal). A hearing was scheduled before the undersigned on July 27, 2012 at the South Carolina Administrative Law Court in Columbia, South Carolina.

After receiving arguments from the parties, the Court accepted an agreement between the parties whereby the Appellant requested that the Court dismiss the Rule to Show Cause and the Respondent agreed to refrain from taking any further action to enforce the Decision from which this appeal is taken until such time as this Court issues an order on the appeal.

THEREFORE, IT IS HEREBY ORDERED that the Appellant's Rule to Show Cause is **DISMISSED.**

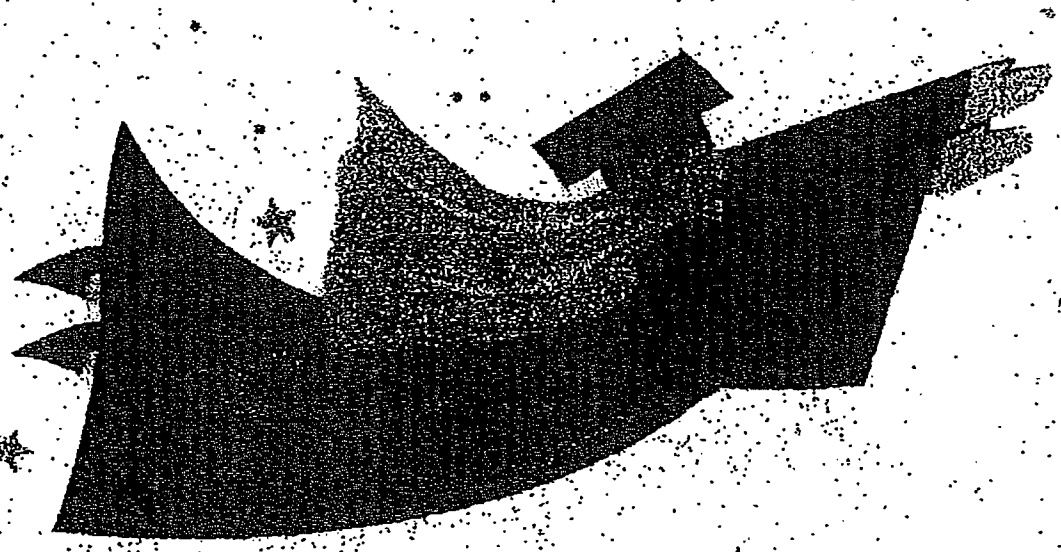
AND IT IS SO ORDERED.

SHIRLEY C. ROBINSON
Administrative Law Judge

July 30th, 2012
Columbia, South Carolina

CERTIFICATE OF SERVICE
This is to certify that the undersigned has this date served this order in the above-entitled action upon all parties to this cause by depositing a copy hereof, in the United States mail, postage paid or in the interagency Mail Service addressed to the party(ies) or their attorney(s).
This 30 day of July 2012
By: Judicial Law Clerk

MLD HIGHER LEARNING ACADEMY



TAKING EDUCATION TO NEW HEIGHTS

HELPING ALL CHILDREN EXCEL

EXHIBIT
5
4/10/05
ENGAD 800-631-6989

CHARTER SCHOOL APPLICATION COVER PAGE

Name of Proposed Charter School: MLD Higher Learning Academy
School Address P.O. Box 676 805 North Main Street

Name of Applicant group: MLD Higher Learning Association/Academy

Contact persons:

Name: Benita Dinkins-Robinson
Address: 54 Joe Road
Bishopville, Sc 29010

Daytime phone: 803 - 428-3350 Fax: 803 - _____ - _____

Other phone: 803/484-6272

E-mail address: dinkinsb2001@yahoo.com

Grade Levels of Charter School (or Age Groupings if the school will not use grades to distinguish students):

4th Grade through 8th Grade

Sponsor (local school district board):
Lee County School District

Signature of charter school planning committee chair:

Benita A Dinkins Date: 5/31/04

000223

Narrative

The Lee County Community is dedicated to educating our children and wanting them to excel in life. Parents, community members, and teachers want our children to be able to compete in a global and growing society.

The fact that our children, in Lee County, are continuously falling short, we feel that it is now time for us to put a learning tool in place to help them excel. It our intention to develop a school of higher learning, that demands discipline and academic success.

The community now has an opportunity to provide our children with a more structured and rigorous educational program. With a little more than four months into this planning process, it is difficult to be more specific at this time. Our plan is to have a school open by fall of 2005, serving grades 4th through 8th with eventual expansion to include grades K5 through 12th by 2010. Much of the details requested in this application will be part of the planning process that will take place between now and our planned opening date.

Mission

Working in partnership with parents, teachers and elders of the community, the MLD Higher Learning Academy offers an academically challenging, developmentally appropriate, experiential, holistic, child-centered education to all young people. We nurture a passion for learning that will last a lifetime as we challenge our children to discover their individual gifts, to honor their inner worth, to strive for excellence, to pursue respectful and ethical relationships with themselves and others, and to find their path in life. We will accomplish our goal by establishing academic excellence, providing a moral focus and obtaining parental involvement.

Vision

Our vision is to provide a safe environment where each individual is accepted, supported, valued and challenged to work up to their full potential. MLD Higher Learning Academy will be a major provider of elementary and secondary education in Lee County. As an educational institution responsible for the total development of students, our goal is to enable students to become totally self aware, seamlessly integrated into our society.

Admission

MLD Higher Learning Academy will admit students of any race, color, nationality and ethic origin, religion, or gender in grades 4th through 8th initially, with expansion to grades K5 through 12th by 2010. It is the intention of the school to reflect the community it serves and to be open to any student residing in Lee County. Preference will be given to MLD Higher Learning Academy employees' children and the children of Lee County Charter School Planning Committee, but will not exceed 20%..

000224

Applications will be available through the local media, public facilities and other local points of distribution throughout the entire community in order to promote a diverse student population.

Applications will be accepted from April 1 through May 27, 2005. The application of any eligible student will be accepted.

Lottery Procedure

A lottery will be used to select students if the number of applicants exceed the number of seats. The lottery will place all eligible students' names together and names will be draw randomly by Board of Directors members, until all the names have been drawn. The students will be selected in chronological order of the available seating, all other applicants will be placed on a waiting list in the order in which their names were drawn.

Acceptance of Students Outside the District

Should space allow students from outside the school district, students could apply for admission to MLD Higher Learning Academy. Out-of-District enrollment will not exceed the 20% of the total student population. MLD Higher Learning Academy admit out-of-district students using the same guidelines and standards of the Lee County School District. The sending district will be notified upon acceptance of students from their district. Out of district students will be considered on the basis of the order of their application.

Student Appeals Process

If admission is denied, reasons for the denial will be explained to the parents.

If a student is denied admission for any other than the results of a lottery, he or she can first meet with the Executive Director or his/her designee for a review conference. If the Executive Director up holds the decision, the student will have three days to submit a written appeal to the board of Directors. The board of Directors will hear and discuss the appeal and within three working days will make a decision. The Board shall convey this decision to the parents and the child in person, and the exact reasons for denial in accordance with school eligibility or guidelines. The decision shall also be placed in writing. *Once MLD Higher Learning Academy has provided the parent/student with their decision in writing, the student/parent may appeal the denial to the Lee County School District Board of Trustees. The decision of the Lee County Board will be final.*

000225

Support for formation of the Charter School

The Lee County Charter School Planning Committee has been divided into subcommittees: these include curriculum and assessment, finance and fundraising, community relations, facilities and equipment, governance and management. The Planning Committee will guide the development of the Charter School application and serve as the founding Committee of Directors until the approval of the Charter School at which time an elected Board of Directors will be established to replace the Charter School Planning Committee.

Benita Dinkins-Robinson has been residing in Lee County for 28 years. She is the mother of three lovely, children, Arieal (11), Juwan (10) and Janya (3) Robinson. She has been working with children for 10 years. She was a lead clinical counselor with Camp Bennettsville Wilderness, Inc for three years and with the Lee County School District for six years. She is employed with Lee County Mental Health Center. While with the school district she implemented several programs to include the District's Alternative Program, Truancy Court, Youth Court, Saturday School, Summer Enrichment Program and etc. She graduated from Bishopville High School with honors. She later attended Coker College receiving a BA degree in Psychology (Counseling) and Sociology (Criminology). She has also received her MA in Counseling from Webster University. She is currently attending Capella University to receive her PH.D in Education Administration. She services on the board of Communities in School, Governor's Youth Council, CAPPS, and Vice Chair of Primary Prevention. She is also a Youth Minister.

Tina Wallace is currently a Special Needs Teacher. She was Teacher of the Year. She has taught in the alternative setting as well as Early Childhood. She has a BA degree in Elementary Education from Benedict College. She has been teaching for seven years. She has one son name, Paris.

BJ. Barr is a pastor at Bishopville Church of Christ. He has been in this capacity for over 11 years. He has also started four other churches throughout his ministry which began in 1975. He is the father of five children. He received an AA degree East Tennessee School of Preaching, a BS Degree from Benedict College and a Master of Divinity from Erskine School of Theology.

Evelyn Barr is currently a fifth grade teacher. She has been teaching for over 21 years. She is the mother of five, two girls and three boys. She received her degree from Benedict College. She is actively involved in working with the youth in her community and is an active church leader.

Teresa Dixon has been residing in Lee County for 22 years. She has completed Sumter Beauty College. She has been working with the Lee County School District in various capacities to Teacher's Assistant, Art Instructor and etc for three years. She is a Member of Browntown Temple where she serves as the President and Coordinator of the Drama Team, Praise Dancers, Youth Department and Praise Team. She is currently attending USC at Sumter majoring in Elementary Education.

000226

Brenda Greene is a dedicated parent of six children, four boys and two girls, ranging in age from 18 to two. She worked in the Lee County School System for 7 years as a teacher a substitute. She also served as a youth choir director, Sunday School teacher for both children and adults and a missionary at one of our local churches. She has been a life long advocate for special needs students for more than 12 years. She attended Central Carolina in the AND program. She has served on several strategic plan committees. She has also been a literacy coach, working with the Parent as Teachers (PAT) and Motherread programs. She loves children and helping them excel. She has been in Lee County for 40 years.

Robyn Truesdale has been residing in Lee County for 42 years. She has one daughter, Stephanie and one grandchild. She is active in improving the quality of life for Lee County. She also works with domestic violence issues. She is currently self-employed.

Sally Thomas has been residing in Lee County for 39 years. She has one adopted son, Ibn. She currently is self employed. She serves in several capacities at her local church, primarily working with youth.

Nathaniel Dixon has been residing in Lee County for 52 years. His wife is Mary Dixon and he is the father of five, three girls and two girls. He is the pastor of Browntown Temple Holiness Church and works at Parker Thermoplastics Division in Bishopville and has been in this field for more than Thirty (30) Years. He is also working with several other community organizations to include NAACP, and Good Samaritan.

Mattie Westry has been residing in Lee County for 48 years. She is the mother of two sons. She has a BS Degree in Business Management/Administration from Limestone College. She has also studied Elementary Education. She worked with the Lee County School for two years as a Faith and Health Coordinator. She is the founder of CAPPS, a nonprofit organization that deals with adolescent issues. She is currently a board member on the following organizations: First Steps, Governor's Youth Council, Career and Technology Center, Disability and Special Needs-Foundation Board and Mental Retardation Board.

Antonio Dinkins has been a residing in Lee County for 25 years. He graduated from Bishopville High School with honors. Later attending Florence Darlington Technical College, receiving an Associate Computer Technology. He is currently attending Kaplan College majoring in Information Technology. He is the self employed owner of New Age Computing Service.

Ernest Mosley has been residing in Lee County since 1982. He is the father of five children, three boys and a girl. He is married to Jacquelyn. He is currently a police officer with the Bishopville Police Department. He is over the Community Oriented Policing Department (COP). He has been in Law Enforcement for 18 years. He also served in the Military.

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Evidence of Support

In order to establish and formulate MLD Higher Learning Academy , we conducted various activities to gain community support and to discuss their issues and concerns. First we conducted a random survey of our local county, by sending out survey/form letters in various areas of the county. We received over 85% response in support of the Charter School idea for Lee County. These form letters represent an array of business owners, professionals, community leaders, parents and other influential people in the our community. Be assured that these letters represent a fair sample of our entire community. The idea of MLD Higher learning Academy has also been received and accepted by our community. In **Appendix A** you will find letters of support from various parents, community leaders, businesses and agencies:

Goals

Each student who completes MLD Higher Learning Academy will be able to:

1. Read, write, and communicate effectively.
2. Use mathematics, science, the arts, and computers effectively.
3. Define, analyze and solve problems from a global point of view.
4. Acquire, integrate, and apply essential knowledge from the core academic disciplines.
5. Study and work effectively
6. Demonstrate personal and social and civic responsibility.

Objectives

The school's academic objectives will be aligned with the South Carolina Academic Achievements Standards. The following are sample objectives:

1. Read, write and communicate effectively.

1.1. Read and listen for information, understanding and enjoyment
1.2. Demonstrate the ability to use a variety of strategies to derive meaning from texts and to read fluently.
1.3. Demonstrate the ability to determine word meanings, pronunciations, alternate word choices, and parts of speech by using a dictionary and a thesaurus.
1.4 Write and speak clearly, factually, fluently, persuasively, and creatively in Standard English
1.5 Distinguish fact from opinion.

2. Use mathematics, science, the arts, and computers effectively.

2.1. Apply mathematical and scientific skills to interpret information and to solve problems.
2.2. Use the arts to explore and express ideas, feelings and beliefs.

2.3 Use computers and other technology to acquire, organize and communicate information to solve problems.

3. Define, analyze and solve problems from a global point of view.

3.1. Make careful observations and ask relevant questions.
3.2. Research, select and organize information from multiple sources.
3.3 Make reasoned inferences and construct logical arguments.
3.4 Develop and present conclusions through speaking, writing and presentation.

4. Acquire, integrate, and apply essential knowledge from the core academic disciplines.

4.1. Read a variety of literature including fiction, poetry, drama and non-fiction from different eras and cultures.
4.2 Analyze literary works and communicate findings in writing, orally and through other methods of presentations.
4.3 Know and understand mathematical concepts such as measurement, estimation, quality, probability and statistics.
4.4 Recognize and use patterns, construct mathematical models, represent and reason about quantities and shapes, draw accurate conclusions from data and solve problems in a justified manner and communicate solutions.
4.5 Apply the fundamental principals of life sciences, physical sciences, earth/space sciences and the science of technology to analyze problems and relate to human concerns and life experiences.
4.6 Investigate and demonstrate methods of scientific inquiry and experimentation.
4.7 Know and make connections among historical events, themes and issues.
4.8 Synthesize and communicate information about important events and fundamental concepts in South Carolina, United States and World History.
4.9. Know and understand the nature of creative process, the characteristics of visual art, music, dance and theater and their importance in shaping and reflecting historical and cultural heritage.
4.10 Develop and participate in physical activities for personal growth, fitness and enjoyment.

5. Study and work effectively

5.1. Set goals and achieve them by organizing time, workspace and resources effectively.
5.2 Monitor progress and learn from both mistakes and successes.
5.3 Work independently and in groups.
5.4 Work hard, preserve and act with integrity.

6. Demonstrate personal and social and civic responsibility.

6.1. Accept responsibility for one's own behavior and actions

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6.2. Learn about and explore different core options
6.3 Learn to solve disagreements, reduce conflict and prevent violence.
6.4 Participate in school and community activities.
6.5 Understand individual rights, responsibilities and roles in the community, state and nation.
6.6 Understand the principles of democracy, equality, freedom, law and justice.

Curriculum

As parents, community members and teachers, we recognize that all children have many gifts and particular interests. Our curriculum has been chosen with the realization that each student is "at-risk": of succumbing to mediocrity, apathy and burnout. A classroom ratio of twenty (20) students per class (4^{th}-8^{th}) will allow the teacher to meet individual needs by employing a variety of teaching methods compatible with students' individual learning styles as a means of helping them reach their potential. We will also promote continuity between the disciplines. Our curriculum will be challenging and rich in content, while teaching the skills necessary at each grade level and encouraging the development of good study habits.

MLD Higher Learning Academy will teach a classical curriculum with espouses traditional values. We will also be founded on the belief that one must be able to communicate clearly one's ideas and understand the communication of others.

Our small class size, small school size, hands-on approach, and experimental teaching staff and methodology will ensure that each child is provided with the resources needed to succeed. Our cooperative learning approach will create classrooms in which students find themselves in various groupings throughout the day with those of similar academic development, advanced development and mixed development. The student's strengths will be validated and s/he will be challenged to improve weak areas. Likewise academically gifted students will benefit from both diverse grouping and grouping with academic peers. Additionally, our individual approach will permit gifted students to engage in appropriately challenging projects and therefore be able to progress at their own individual pace.

MLD Higher Learning Academy will utilize the progressive/child-center/holistic model of education which has a history of innovation and attention to the diverse needs of individual learns. The methodology we will utilize will include:

- team teaching
- experimental , hands on learning model
- qlearning-centered based, developmentally appropriate classroom
- alternative assessment, such as a student lead conferences, portfolios and exhibitions of work
- outdoor environmental education
- inter-generational mentoring by community elders
- multi-age grouping

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- collaborative and student led learning projects
- integrative service learning projects for all grade levels .
- inter-class mentorship/older students teaching younger ones
- a continuous social curriculum which will offer students ongoing training in conflict resolution skills
- a holistic curriculum which addresses the intellectual, emotional, physical, moral and human spirit needs of the child within a context of respect for self and others.

MLD Higher Learning Academy will be a "model" school were teachers are involved in designing and implementing curriculum while continuously evaluating the real life efficacy of progressive educational theory. Teachers will meet weekly to share insights and information gained from professional development seminars, review and assess the strengths and weakness of the program, and provide validation and mentorship for each other. Based upon a developmentally appropriate, child-centered, holistic approach, teachers will be leaders in creating and implementing school-wide norms and standards of excellence that will exist in each classroom. These norms will include the above mentioned methodology which will give coherence to the school's vision while encouraging each teacher to develop and offer the individual gifts of her/his calling.

MLD Higher Learning Academy will expect parents and community members to be active involved in all aspects of the school life. This involvement in our small school will offer parents an opportunity to share their many talents, participate in community life, and actively participate in their child's education.

MLD Higher Learning Academy will be a clear educational choice for parents of Lee County as there is, currently no other public school in the district which is able to offer school-wide progressive, holistic education, child-centered, small class size, and small school size.

1. BASIC SKILLS

Communication/Language Arts

Philosophy/Goal

Our Communication Arts curriculum intends to make literacy relevant to children's lives. This will foster a love of reading and communicating. Learning to effectively read, write, speak, think, and listen will rest on the child's natural impulse to communicate ideas, fantasies, emotions, thoughts, questions and experiences with others and for themselves. Our Communication Arts curriculum is based on the premise that communication involves "complex processes and skills, all of them basic not only to communication, but to living as a fully functioning creative human being" (quoted from Explorations in the Teaching of English by Stephen N. Judy, p.41).

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Methodology:

Our curriculum is rooted in the Language-Experience approach based on Piaget's work, where a child's interests and experiences are used as a springboard into further investigation via reading and writing. Younger children as well as older children will be encouraged to make sense of their experiences by learning the thinking skills necessary to articulate effectively those experiences. For example, a child may have an interest in undersea life or the thematic unit of study may involve ocean life. In an introductory discussion a student may share his/her experience witnessing a beached whale at the beach and naturally begin to respond emotionally, human spirit and intellectually to that scene. As a facilitator, our communication arts teacher would encourage him/her to make abstractions about that event, which may involve more questions about whales. The student would be invited to connect with what s/he already knows about other sea animals like dolphins as a way of hypothesizing about whales. Then the student may choose to research whales by reading a book, watching a video, or interviewing an expert on whales from which s/he will assimilate this information into his/her new understandings and perceptions of the world around him/her. These new perceptions and understandings may then be shared formally or informally with his/her peers, his/her teacher or the community at large. In short, reading and writing are taught as tools in an environment saturated with reading opportunities.

While reading, writing, speaking, listening and thinking skills are all taught holistically in our program, there will be direct instruction of specific strategies for retrieving and creating meaning in text. Our program balances meaningful integrated language instruction with a phonics-based approach in order to provide for a rich learning environment that will meet a variety of student's needs. Phonics instruction will be offered as a tool to new readers in a meaningful context. In the context of meaningful reading and writing, children are guided to develop knowledge of letter sounds, vocabulary, spelling patterns, punctuation, capitalization and other skills necessary for communicating meaning through print. Specifically, children who have used inventive spelling in the lower grades will learn the relevance of standard spelling as a means of communicating ideas to a wider audience. At developmentally appropriate levels, children use their reading skills to decode and comprehend instructions in Learning Centers. Through reading and discussing various literary techniques, children at all levels learn about important elements of literature and apply them in their own writing. Revising and editing are taught as relevant skills necessary for displaying or publishing work. By the upper elementary grades, children compose and revise detailed reports, creative stories, letters of opinion and eloquent poems. Mini-lessons that focus on grammar, spelling, mechanics and specific skills that are deemed relevant to the student's need for more effective communication will be taught in all grades. And because the art of communication exists in science, social studies, math, art, music and dance, the thematic units and the literature chosen for reading and the writing will be interdisciplinary.

Specific components of our Communication Arts Curriculum:

Reading

- **Individual reading conferences**: self-selection by child (guidance when necessary), assessment of strategies used, sampling, predicting, monitoring, confirming, etc.; assessment of understanding, fluency in reading and writing; assessment of cueing systems—meaning, language graphophonic, reading to reference an answer or to support an opinion; interests—build on individual interests and expand field of reference; appropriateness of selection—level, topic, variety of genres; reading record kept on each child; use of literary elements
- **Homework** reading: 30 minutes reading for older students with periodic discussions of material read, Parents will be required to read nightly to emerging readers.
- **Read aloud daily**: exposure to different genres (stories, poems, informational), demonstrations of writing and reading, use of prediction
- **Sustained Silent Reading**: discuss choice of books read, required reading for older students over vacation breaks, suggested reading list for each level will be developed that reaches across the curricular areas, time to read independently. Familiarity with books, titles, authors, opportunities for the social aspect of reading—partner and peer learning, sharing experience of reading a particular book or genre, chances to engage and grow in language development. Assessment opportunities—diversity of selection, speed, miscue analysis, identification of self as reader, time for story telling and development of sense of story. Universal nature of storytelling, concepts of print, increase interest in reading and expand reading interests
- **Content**: as related to thematic unit of study, interdisciplinary topics as related to current or future projects, inquiry as to nature and relevance
- **Response opportunities**: dialogue with peers and teacher, reading log, inquiry into facts and links in material read, literature response journal (weekly responses for older students),whole class and small group discussions about material read
- **Shared reading**: dramatic interpretation, individual and two part poems, charts, songs, schedules, directions for learning centers, abundance of functional print on field trip, text is seen, students reading to other students
- **Literature studies**: interpretation, dialogue, same title, author, genre or topic, small group, in-depth over time, literary elements, critical analysis
- **Guided reading**: focus on specific skill/strategies, small group, same text
- **Daily, incidental, purposeful reading**: daily plans, Learning Centers, directions, graphs, etc. • **Listening**: books, songs, poems on tape
- **Speaking and viewing experiences**: class meetings, project presentations, storytelling—fiction, biography, and non-fiction
- **Studio time**: hands-on experience with a variety of mediums to explore other forms of communicating (dance, music, drama, art)

Writing

Methods used to developmentally increase writing skills are: writing samples, journal writing, dictation, writing workshop, and treating writing as a process that includes brainstorming, outlining, creating rough drafts, editing, revising, creating a final draft and possibly publishing.

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- Strategy/skill lessons: Focused time on skills needed both individually and in groups
- Exploring useful writing: notes to parents, cards, posters, letters, lists, and signs.

Oral Communication

Speaking is an integral part to the Communication Arts curriculum. Communicating through language is so important because it is our primary form of relaying thoughts, ideas, and feelings to others. Being able to verbalize thoughts precedes making sense of the written word and complements the writing process. So, in the lower elementary grades, children will be encouraged to develop oral articulation about their experiences as a precursor and motivator to recording these thoughts and feelings in text. As developmentally appropriate, oral communication will be emphasized through daily class meetings, storytelling, creative dramatics, mediation, dramatic readings, debates, and project presentations. In terms of the social curriculum, learning how to articulate feelings and to listen to the feelings of others is vital. Thus, we assist children in developing their spoken vocabulary to serve this need. Because our curriculum in all areas is experiential, processing daily events and interactions verbally is important to the child's learning process.

Assessment

Our operating premise for detecting and assessing a child's literacy growth in our school is grounded in primarily seeing what the child is able to do. Our emphasis will be on higher levels of learning: critical analysis, evaluation and use of knowledge. Each child will be expected to demonstrate his/her integrated knowledge through authentic literacy tasks. Students will demonstrate their learning over a period of time and in multiple ways by actively using knowledge in projects, exhibitions, performances, etc. Some of these ways will be:

- Cumulative daily observation as recorded in weekly anecdotal records: observations of each student's reading progress—strategies, comprehension, level of book
Reading conference: one per week as developmentally appropriate
- Rubrics: performance based assessment
- Three-way conferences—parent, teacher, student conferences held twice per year
- Parents/Families: regular and clear communication on progress
- Student kept records: self-assessment, projects, reading log, literature response journal
- Reading aloud to assess decoding and oral vocabulary
- Readings to student followed by questions to assess comprehension
- Portfolios that keep samples of writing that show evidence of variety and volume of writing
- Writers' Notebooks
- Published pieces

Mathematics

Philosophy/Goal

Mathematics at our school is taught by giving students opportunities to solve engaging problems and by building on the natural ways children make sense of numbers.

Rather than giving students worksheets of problems and prescribed algorithms to find the answers, teachers will guide students to solve problems that are meaningful to them and ask them to explain their thinking. By explaining how they solve problems, children learn that math is a process of thinking and a tool to use in life, not just a set of rules to memorize which has no connection to their world. The primary role of the math teacher at our school is to guide students toward more efficient and higher orders of thinking about solving problems, moving developmentally from the concrete to the abstract. In this way, students can discover for themselves the methods that work best. Research has shown that when children construct for themselves new ways of thinking about problems, understanding is much deeper and can therefore be applied to new situations.

Methodology

We will base our math curriculum on the following resources:

- Investigations program by TERC (Technical Educational Research Centers)
- Connected Mathematics by the National Science Foundation.
- Math Solutions publications by Marilyn Bums
- Beyond Activities Project materials, such as Polyhedraville
- Materials by Sharon Pfieffer and Marcy Cook

Using these programs, we will cover all elements in the South Carolina Standard Course of Study. In addition to these programs, the primary materials our school we will use to teach math are:

- math manipulative such as unifix cubes, counters of all kinds (shells, plastic discs, beans, teddy bear counters), fraction bars, base ten blocks
- counting tools such as hundreds boards and 300's boards
- pattern blocks, geometric solids, geoboards, tangrams, paper for students to cut out their own geometric shapes
- measuring devices such as rulers, meter sticks, graduated cylinders, inch and centimeter blocks, and balance scales
- calculators
- math journals in which students record and reflect on their process of solving different problems

Students will have opportunities to work independently and in groups, and will learn to see themselves and their peers as resources and teachers in group problem-solving efforts. Because the teacher is not teaching a "right way" to solve math problems, s/he is no longer the expert imparting a formula to the students. Instead, s/he is a guide, helping students discover for themselves effective methods to solve problems. Moreover, because students are constructing and reconstructing their own methods of solving problems, they can be much more active in peer teaching.

Finally, our school does not see math as an isolated subject divorced from other classroom activities and from daily life. Instead, mathematics is viewed as a tool to solve problems that arise in all aspects of life. As a result, the teaching of math at our school will be integrated into the theme studies of the class and everyday issues that come up in the classroom. For instance, students could use math to:

- plan and implement fundraising projects for the class
- figure out how many cars the class needs for a field trip

- measure the classroom and make a scale model when rearranging the room
- learn about the calendar, and use it to figure out when the 100th day of school will be
- gather and compute information during a science experiment, e.g., measuring how far a snail travels in a minute; figuring out the average rate of a snail; graphing the average rates of large snails and small snails
- take measurements and make calculations to do science projects such as creating an invention that uses at least 2 simple machines
- apply for a business loan and keep a ledger when the class is creating a town
- graph findings on who in the class has which kind of fingerprints in a Mystery unit
- measure and make calculations when making moon crater cakes (aka pancakes) in the cooking center during a unit on space, or sewing pillows for the class reading nook in the sewing center

Through real life, engaging experiences, and building on the natural ways children learn to make sense of numbers, the students at our school will develop true understanding of mathematical concepts and be able to apply these concepts to most any situation that arises.

Assessment

The primary tools for math assessment will be teacher observations, performance assessment within Investigations units, and the student's math journals in which s/he problem solve and reflects on how s/he thought about and solved various math problems.

The focus of assessment will be on the thought processes of each student and how s/he problem-solves, rather than just how many calculations s/he is able to do correctly. Teachers will evaluate a student's skill in: thinking about problems in ways that focus on the relevant information needed to solve them; using progressively more efficient mathematical thinking to solve problems; effectively explaining and communicating their thinking to others; working both cooperatively and independently on problems requiring mathematical thinking. Assessment is ongoing and is used as a tool to help the teacher develop effective, individual learning plans for each student as well as to provide information to assist students in understanding what they can do well and what areas need improvement.

Social Studies

Philosophy/Goal

At our school we believe that Social Studies is the active process of discovering the social and cultural world around us. Social Studies is explored through interdisciplinary units in which our students gain a better understanding of the diverse world in which we live. In a given unit students study the different cultures, social structures, religions, ways of making a living, and governments. Students develop an awareness that s/he is a small but important part of the world.

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Methodology

Students will gain an enriched knowledge about the world in which they live through direct experiences such as:

- creating communities, cities or villages within the classroom
- field trips
- guest speakers
- letter writing to elected officials
- individual and cooperative research projects
- community service projects
- class meetings

An important component of social studies which is woven throughout grade levels is a study of women and their roles throughout history. Early on the student learns about values attitudes, self-worth and practices mediation skills in order to deal with conflicts they may have with others. They, likewise, learn to respect others, to make choices, to work both independently and cooperatively, and to begin to develop the skills necessary to become a self-directed learner. Teachers weave into their interdisciplinary units cultural celebrations so that students can experience and learn about others in a fun way.

When developmentally appropriate, students will begin to investigate geographical, cultural, historical, and governmental topics. Beginning with their local community, students learn to identify different roles in society. A variety of careers will be studied with guest speakers sharing their own personal experiences. Field trips to local community organizations help students gain a better understanding of their community. They bring this knowledge back to the classroom and use it to help create their own community of stores and businesses in which they practice buying and selling and learning about commerce. Timelines are introduced in grade 2 with students creating their own personal timeline to gain a sense of their own history. Later, timelines with important historical events will be posted around the classroom,

Cooperative projects, class meetings, and community service projects give them first-hand experience in democratic decision making, consensus building, and practical experience with government.

In the middle elementary grades, students begin to move from local community to an exploration of city and state. Through individual and group projects, students begin to explore the history, government, and economic system of their city and state. One method of exploration could be forming their own town with a governmental structure used to decide on important issues such as: keeping the town clean, paying town employees, etc. Other methods include: field trips to local and state businesses, governmental buildings and historic sites; letter writing and visiting elected officials; and guest speakers. Again timelines give to students an understanding of historical events of the city and state.

In the upper elementary grades, students begin to explore the bigger world. They move from city and state to country and the Americas. Students begin to focus on a study of U.S. history, government and economics. They then move on to explore the customs, traditions, holidays, religions, history, government, and economics of North and South America. Likewise, they begin to gain an understanding of citizenship both locally and globally. These topics are discovered through: guest speakers, individual and group projects, securing pen-pals through programs such as World-Wise Schools, celebrations, creating a village from a geographical region they are studying, and perhaps even visiting

one of the regions they have studied. Research skills will be enhanced by using internet, encyclopedias, books, magazines and interviews.

In the middle grades students, move into a study of the rest of the world. They explore the customs, traditions, holidays, religions, history, government, and economics of Europe, Russia, Asia, and Africa. The methods of exploration include: creating an African village marketplace, an Asian Chinatown, or an European city; field trips to international businesses or restaurants; guest speakers from our international community; individual and group research projects; letter writing to international organizations to gain an awareness of international issues of social justice; and visiting a region they have studied.

At the high school level, students begin to go out into the community to do apprenticeships. We'll be looking at the possibility of students taking college level classes through one of the local colleges or universities while attending high school.

Assessment

Students will complete a self-assessment of their contributions to the thematic project or discussions at the completion of the unit. Anecdotal notes from observations, questioning, and conferencing will be used by the teacher to complete assessments. A written evaluation of projects will be completed after projects have been presented. Portfolios of a student's completed work will be used at conferences to help parents get a clear picture of their child's progress.

Science

Philosophy/Goal

At our school, we believe that science is an active process of discovering the physical world around us. We, therefore, plan to provide opportunities for students to explore and experiment actively, and to supplement these hands-on activities with projects involving research. Congruent with other areas of the curriculum, we believe that children learn and understand basic science concepts best when allowed to form their new knowledge from direct experience, rather than from reading text books or listening to lectures. Therefore, teachers at our school will guide students in scientific inquiry and in constructing logical conclusions.

Methodology

Scientific inquiry will be based on children learning science skills as they explore. Examples include:

- observing
- classifying
- questioning
- predicting and forming hypotheses
- experimenting
- gathering information from many sources, including books, magazines, encyclopedias, films, field trips, guest speakers, etc.
- identifying and controlling variables
- collecting and analyzing data
- drawing conclusions and communicating them effectively

- learning from "mistakes"

Scientific inquiry will be modified according to the developmental needs of the class. The primary grades will emphasize the wonder of the world around us, and the formal steps will be done orally as a group using developmentally appropriate language. In the upper elementary grades, students will be introduced to the formal scientific method and be taught the format for performing and writing up science experiments. In middle school and upper school, students will be using formal scientific inquiry regularly and supplementing their findings with research.

At our school, we will do scientific inquiries in all the major branches of science--Earth science (including geology, weather, astronomy, oceanography), life science (including human body, plants, insects, life cycles), and physical science (including simple and complex machines, electricity, light, sound, and energy). Using the natural resources at hand, in addition to lab equipment and hands-on materials from science kits, students will have opportunities to explore directly activities such as:

- the life cycle of a butterfly, starting with caterpillars, feeding them with leaves, observing them make their chrysalises, and watching them emerge in their metamorphosed form
- how clouds are created by making a cloud in a bottle
- how the layers of the earth are formed and can change by doing experiments with Jell-O earth formations
- how to get a light bulb to light by experimenting with creating different configurations of some simple materials—a flashlight bulb, a battery, and a wire—and thereby discovering how circuits work

In addition, we will highlight, at all grade levels, activities in environmental science. The primary way we will teach about the environment will be through direct experiences in nature and our local environs. There is much evidence to show that people learn to care for things they understand and they understand things that they experience directly. We believe that one of the major challenges that today's children will face is how to live with respect for the diversity and the limits of the earth and all her creatures. Because this is an issue that transcends subject and career categories, we believe it is important to integrate environmental education into all grade levels at our school.

As with all other subjects, we see that science is connected to many other areas of learning. Therefore, we will integrate the teaching of science with other subject areas, especially math. To aid in this integration, we will take advantage of many published resources such as

- AIMS -Activities Integrating Math and Science materials
- GEMS -Great Explorations in Math and Science classroom units.

Examples of such integrated activities include:

- discovering how much of the earth's surface is water by figuring out the percentage of times that children's thumbs touch water when catching a blow-up globe
- learning about different gravitational forces on different planets in our solar system by computing how high each child can jump on different planets in the Space Olympics

We will not use science textbooks to teach about science concepts, although we will use books in the classroom and community library. The primary materials we will use, in addition to AIMS and GEMS resources, are hands-on science kits and lab

materials, such as thermometers, beakers, test tubes, flasks, petri dishes, scales, meter sticks, microscopes, etc.

Assessment

Assessment of science work at our school is based on many qualitative elements. Observation of the student's thought process is by far the most important element. Rather than mandating that learners get the "right answer" in order to do well, we are much more interested in knowing how each child thinks about a scientific question, and how the child modifies his/her thinking as experience grows. We will base our assessment on how well a child understands and communicates the pertinent science concepts based on class discussions, experiments, and write-ups (if developmentally appropriate), project research, and both cooperative and independent work.

2. ESSENTIAL ENRICHMENTS

Our philosophy of Essential Enrichments is described in each section below. The methods used will be consistent with the experiential approach described in the preceding Osection. Assessments in these areas will be wholly performance based: portfolios, exhibitions, performances, oral recitations, etc. Feedback from faculty and peers will help to hone the learner's self assessment in these areas.

French/Spanish

At our school, we believe that communication with people of other cultures is a key element in understanding the importance of diversity and how all people are interconnected. To foster this communication, we are planning to teach Spanish or French to all students, from early elementary classes up through high school.

While most schools begin teaching language in middle school, research has confirmed that language acquisition is easiest, quickest, and most complete with younger children. Therefore, we plan to offer Spanish or French starting from the early elementary grades. Spanish will be integrated with activities in the classroom whenever possible and the thematic units in the classrooms will be reflected in the Spanish curriculum.

Physical Education

Physical Education activities at our school are taught in such a way that students are concentrating on self-improvement instead of competing with others. Our Physical Education program will be based on a national program called Physical Best. This program tests students in 4 areas: aerobic endurance, muscular strength and endurance, flexibility, and body composition. Based upon students scores, goals are written and students will engage in appropriate activities to improve their scores.

Likewise, activities will be designed to integrate PE into interdisciplinary units. A class may calculate the total number of miles walked/jogged by students and then convert this number in meters, feet, yards, kilometers, etc. In addition, the class may find a place they may have visited if they had actually traveled that far. They may also learn games played by children in other countries.

When developmentally appropriate, activities such as manipulating hoops, ropes, bean bags, balls, etc., are used to allow students to develop their motor skills. Sports skills are also introduced that expose students to both a variety of team and individual sports.

The Arts

The arts are highly valued at our school and are woven daily into our thematic integrated curriculum. Playing music, singing, drawing, dancing, and acting out stories are an essential part of what it means to be human. These forms of expression historically and currently capture the profound and sublime issues that all people experience. Some of our children will know their greatest successes in the auditory, kinesthetic and visual realms.

Ongoing exposure to a wide variety of artistry will allow children to discover their own proclivities. South Carolina has a rich artistic heritage. We plan to reach out to various art organizations to form partnerships that will bring increasingly varied artistic opportunities into our school.

Visual Arts

Creative expression is integral to the world at large and to the curriculum of our school. Art work will be incorporated to all ages and all subjects as a means of self-expression, an opportunity to experiment, a vehicle to express ideas and a mirror of the child's experiences. Various media such as watercolor, acrylics, ceramics, collage, and sculpture will be explored as students have balanced experiences with art as process and art as product. Children will have access daily to art materials from which they will sometimes be encouraged and sometimes be required to explore. They will be guided to discover and develop their own style and artistic identity.

Research shows that art is an integral part of a child's writing development so the younger elementary classes will use drawing daily as a bridge into text. All children will be guided to represent the topics of study through artistic means. An example may be creations of clay imprints, dioramas, diagrams of various medicinal and poisonous plants to demonstrate a child's understanding of these imperative differences after an in-depth study of plant identification. We study the great artists of the world and observe their contributions. Local artists are invited to come in and share their experiences as artists as well as their work to inspire and motivate children's involvement with the visual arts.

Performing Arts

Drama, music and dance are integrated into the curriculum where possible and will be studied from time to time. Students are expected to make use of these media in projects, portfolios and exhibitions. Additionally, they will experience these media through field trips to plays, concerts, ballets, poetry slams, and other public performances.

Music is present in many forms at our school. Singing, percussion instruments, and rhythmic patterns mark transitions from one activity to another in many of our

classrooms. Children create songs and perform them for each other. They learn about rhythm and melody and experiment with different ways of putting these together. Many styles of music are heard at varying times throughout the school. For example, classical music may be played during a quiet reflection and reading time, Native American drumming will be used in conjunction with a unit on South Carolina peoples, and rock and roll is studied as part of Vietnam era American history.

Ceremony, ritual, and acting out stories is a fundamental human instinct present from prehistory until today. With dance and drama, human thoughts and feelings of the past and present are brought to life so that audiences can experience and integrate them. As primarily collaborative arts, drama and dance are important venues for all students to experience. Live theater requires many skills: acting, directing, technical, props, set construction, costume construction, publicizing, and scriptwriting. The combination of these skills is what allows the final production to be realized. Students learn many valuable skills in such collaboration: empathy, critical thinking, problem solving and team work. "Pretending" will start out in kindergarten with dress-up and fantasy play, evolve through the lower school level with creative dramatics, movement, poetry recital and skits; and eventually flower in the middle and upper schools in scriptwriting, and full fledged performances

Mentors

Students will be assigned a teacher and/or community based mentor.

Dress Code

A simple uniform will be required for all students and staff. The students will be comfortable for any activity without the problems associated with dress codes and peer pressure.

Pupil Achievement Standards

MLD Higher Learning Academy will develop new and higher standards for all students to achieve. However, as you can see, we will use a variety of tools to determine if they have met these standards.

* MLD Higher Learning Academy will use the same testing models utilized by the Lee County School Board, which is primarily PACT, as only one indicator of student achievement. This will allow the Charter School to be compared to area schools without the pretense of a testing module that cannot be compared to Lee County scores. It is the intention of MLD Higher Learning Academy to conduct this testing on the same days and the same manner of the school district. We will pre-test our students early in the year using a test such as the BSAP test. This will allow us to better understand our incoming students' abilities and will give us a national as well as a state norm. The methods of assessment we will emphasize within our learning community are portfolio- and exhibition-based assessments; these may include writing samples, reading records, math assessments, student

self-evaluations, anecdotal reports, art work, video and/or audio productions, oral presentations, goal sheets, three-way conferences (parent/teacher/child), and skills checklists Listed later in the application will be various student assessments.

Academic Standards at Each Grade Level

The teachers of MLD Higher Learning Academy will provide instruction to students based on the South Carolina Academic Standards for all subjects. These standards identify the goals that our students will achieve at each grade level. Please see *Attachment 1* for a sample compilation of South Carolina Standards for Grades 4-8. Our local district has also established an outline of State Correlated guidelines and a pace scale for each grade level and main subject area, MLD Higher Learning Academy will work closely with the Lee County School District Instructional staff to ensure that we are coordinating and providing the children with a quality education. Please see *Attachment 2* for a sample of our local district's outline guidelines.

Meeting or Exceeding State Standard

a.) Core Knowledge (along with other teaching tools) will be a key instrument used to ensure that our school's instructional program meets or exceeds the student standards adopted by the State Board of Education. One of the other tools we will utilize is Skills Bank a computerized educational system that is correlated with S.C. State Standards. Please see **Attachment 3 and 4** for more on Core Knowledge and Skills Bank.

Correlating Tool

a.) Core Knowledge Provides a template in which different states can correlate their state standard to the topics covered in the Core Knowledge Sequence. Please see *Attachment 5* for a Sample Correlation Chart for Core Knowledge. *Attachment 6* for a sample correlation of Skills Bank.

Disabled and 504 Compliance

The School's procedure for identifying students with special needs, developing individualized education programs, and providing related and transition services?

We will use a referral system in determining or identifying students with special needs. When teachers, administrators, and/or parents feel that a student displays any form of disability, they may make referral to our special education/ intervention coordinator. He/she will then in turn use the referrals to provide proper evaluation and then any needed services of these identified students.

MLD Higher Learning Academy will ensure that all students' individual education needs at meet, starting with our initial admittance packet, which is design to determine the needs of each child. Although we are unaware of our actual student population and their needs, MLD Higher Learning Academy employ teachers who are certified in various Special Education areas. We will provide the same types of educational services to our special needs students as our local school district (Lee County). .

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A description of how the school will implement special education requirements for students with disabilities, including the full range of services and placements that will be made available to those students?

Where as placement and appropriate services are concern, MLD certified special education teaching staff along with the coordinator will establish needed services and placement. They will then implement what the IEP/504 team has or will determine to be needed for each child. This will ensure that all of that students civil rights are protected and most of all their needs meet.

We will use the team approach as mandated by state and federal law in developing a child's IEP/504.

A description of how the school will implement transition services and how assistive technology needs will be addressed?

We will collaborate with the Lee County School District Special Needs Department, Lee County Career Center and S.C. Vocational Rehabilitation Services (and other agencies as needed) to determine apparent transitional needs and provide adequate services to each child.

Does the application include a timeline that identifies the expected yearly progress toward meeting the charter school's long-term performance goals?

Timeline for Expected Yearly Progress

We will do monthly academic staffing, in which we will discuss the academic progress of our students. At these meetings we will work as a team to see where are weaknesses and strengths are. A teacher who is having success in one area, may be able to share ideas with a teacher who may be struggling with presenting a certain concept or topic to students. This process will take place on a regular basis, not at the end of the marking period. Teachers will also provide the students with weekly progress notes.

We will also use the same concept as the Lee County School District, who provides interim reports every five weeks and a quarterly report card.

Time Line

AUGUST, 2005	1rst **Pre-assessment using Skills Bank** **Identifying the weakness and strengths of our students**
AUG-OCT, 2005	**Implement State Standards and Core Knowledge to strengthen weaknesses.**
September, 2005	**Interim Report-Chart Progress**

October, 2005	**Report Card**
NOVEMBER, 2005	**2ND Pre-Assessment using Skills Bank** Chart progress/Gains
	Interim Report
December, 2005	**Report Card**
JANUARY, 2006	**Teacher Made Test** **Interim and Progress Report** **Post Test**
JAN-MAY,2006	**Continue to Implement State Standards and Core Knowledge to strengthen weaknesses** **Progress and Interim Report**
MAY, 2006	**PACT TESTING** **End of the Year Report**

No Child Left Behind

MLD Higher Learning Academy will adhere to all federal guidelines with regard to the amount of time that schools have in order for students to be performing at the required grade level. MLD Higher Learning Academy students expected yearly progress will meet the adequate yearly progress established in the No Child Left Behind Act. We aim to provide a net for those students who have previously or are in danger of falling behind. See Academic Assistance listed below.

Academic Assistance

MLD Higher Learning Academy will provide continuous assistance to students who do not perform at acceptable levels of proficiency on the Palmetto Achievement Challenge Test (PACT) and/or at the satisfactory level of the instructional staff. Intensive intervention will be provided to these students including tutoring during lunch and after school, extra assignments provided by teachers, computer-assisted instruction, more writing assignments with immediate feedback, and any other special academic programs that the teachers and administrators feel would benefit our students. We believe that high expectations from teachers along with perseverance from students is a winning combination. We believe that our children can excel and will achieve proficiency, some earlier than others.

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OVERALL PROGRAM

Philosophy

MLD Higher Learning Academy is founded upon the principles of the 80-year-old holistic/progressive tradition as expounded by John Dewey and later enlarged upon by the Global Alliance for Transforming Education (GATE). The foundation of our philosophy recognizes and values holism and provides educational opportunities for each dimension of the human being. The spheres we work with are the intellectual, emotional, physical, social, artistic, moral, and in a non-sectarian way, the human spirit, These 7 dimensions of human experience are the matrix within which our curriculum develops.

Because of our commitment to Holistic education, we feel it is vital to educate children on how all areas of life are interdependent. Thus, environmental education is integral to our curriculum and woven throughout the fabric of our school.

We educate children to be self-motivated and self-directed while also providing daily opportunities to work collaboratively with others. Wherever possible, learning is hands-on and experiential in nature. Our students learn from direct experiences rather than just from listening to lectures or reading textbooks. We use constructivist theory which asserts that through hands-on experiences, students will construct their own knowledge and use critical thinking skills to evaluate that knowledge as they have more experiences. Constructivist theory is developmentally based. Learning experiences build upon each other, which allows the student to explore areas of knowledge at successively higher levels of mastery and to discover alternate pathways and links to the area being studied. Because of our commitment to this approach, we highly value a process of learning that views "mistakes" as corrective experiences which will happen over and over again as new learning takes place. However, teachers provide clear standards for children to attain at each developmental level, and school-wide, we will provide challenging academic work within a non-competitive environment. Additionally, all teachers are committed to attending to the equal empowerment of girls and boys.

We are committed to community service with a focus on environmental education and serving the elderly. Our core belief in the community's importance commits us to maintaining a small school size. Remaining small allows relationships to develop and deepen and for all voices to be respectfully heard.

Our school will be one where students, parents, teachers and board members work together to continuously explore the school's mission and assure that its goals are carried out in the classroom and in the whole school community. We believe that young people need older people and need to be an active part of ever-widening circles of community We will actively partnership with Council on Aging and other long-term care/assisted living facility in order to implement the Eden Alternative model. This model actively promotes inter-generational and inter-species contact through developing programs that bring children, pets, and plants into nursing homes. A partnership between the staffs of our school and the elder complex will lead to enriching and educational inter-generational experiences.

Our highest priority is to develop thoughtful, caring human beings. We have adapted Steven Covey's principle of beginning with the end in mind.

Upon graduating, our student is an independent, life-long learner who is able to discover his/her own passions and possesses the research skills to learn more about whatever field of endeavor she chooses. S/he is aware of his/her own strengths and weaknesses and seeks to continually refine the former while patiently accepting and improving the latter.

S/he is compassionate, tolerant of diversity and brings strong conflict resolution skills to every situation. S/he has strong communication skills, both written and oral, and is unafraid to express him/herself on any subject while participating actively in our democratic society.

S/he is a critical thinker who brings solid analysis and synthesis abilities to every situation. S/he is comfortable in leadership roles, approaches his/her tasks with keen problem solving skills and is able to agree to disagree when that best serves the needs of the whole. S/he has strong organizational and time management skills and is able to complete his/her goals in a timely and effective manner.

S/he is self-reflective and aware of the inherent meaning and value of all life. S/he appreciates the diverse beauty of the arts and culture of world and knows that s/he is a small but important part of the whole world. S/he recognizes the interdependent nature of life and is aware of the importance of caring for and preserving our natural environment. S/he is respected by young and old alike because people can see that s/he respects others and is genuinely interested in learning from them.

Methods

Our methods and program design grow out of our philosophy. The design of the school will include the following:

1. Sound educational approaches based on published research:
   - Constructivist Theoretical model
   - The South Carolina Standard Course of Study
   - The Social Curriculum developed at the Stone Center at Wellesley College
   - Gesell's epigenetic model of child development
   - Piaget's model of child cognitive development
   - Coalition for Essential School's design model and principles
   - Gardner's model of Multiple Intelligences
   - Positive Discipline approach to classroom management
2. Team teaching
3. Experiential, hands-on learning model
4. Environmental education, which we will teach using many disciplines including hands-on science, math, creative writing, visual arts, and performing arts
5. Integrated interdisciplinary curriculum: learning takes place in a context, not just isolated subject, e.g., using math in science experiments, sewing projects and class field trips, or using art and music when creating a shadow puppet show about our natural resources
6. Inter-generational mentoring by community elders

7. Multi-age, continuous progressive classrooms: a class may have 9-, 10, and 12-year-olds, etc.
9. Use of daily ,weekly, and/or monthly academic and social goal setting
10. Theme-based learning projects as a primary approach to learning, both individual and collaborative
11. Integrative community service learning projects continuously through all grade levels, e.g., a class of nine- to ten-year-olds, while studying cities, may spend an afternoon packing food for a homeless people in our city.
12. Inter-class mentorship/older students teaching younger ones
13. A continuous social curriculum which will offer students, parents and staff ongoing training in conflict-resolution skills
14. Small class size: staff/student ratios ranging from 1:7 up to 1:20
15. A holistic curriculum which addresses the intellectual, emotional, social, artistic, physical, moral and human spirit needs of the child within a context of respect for self and others.
16. Use of Gardner's paradigm of Multiple Intelligences (see Appendix 5)

Assessment

Student Assessment

Assessment at our school is qualitative rather than quantitative so that the child, teacher, and parent can see the student as a unique individual with many different sides and not just a static composite of numerical averages. Moreover, we see assessment as a tool for growth. We begin by assessing what the child can do, observing to see how the child learns, and gathering information as to what obstacles might get in the way of his/her learning. The purpose of assessment is to help the student understand and recognize his/her strengths, and to discover any obstacles to learning. Moreover, assessment will assist the student in learning how to use his/her strengths to help build up weaker areas, and to show the teacher how best to guide the student to grow in new areas. Therefore, we will use the following tools to assess the students at our school:

- Portfolios which will contain work from all areas of the curriculum as well as student reflections on selected pieces of work, noting what s/he learned, what s/he did well, what s/he could improve, and a specific goal of what and how to improve.
- In the upper elementary grades and above, student-written assessments of independent work, cooperative work, work involving critical thinking and creativity, and work using communication skills.
- Exhibition of skills will be used in the Upper School
- Rubrics to keep track of daily assignments and goals
- Written assessment by the teacher based on rubrics and observations of student performance in many areas including academics and interpersonal skills.
- Three-way conferences with the teacher, parent and student that take place 4 times a year—two will be formal with written assessments, portfolios, rubrics and goal books, and two will be informal check-ins.

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Staff Assessments

At our school, we value growth and, as professionals, adhere to challenging standards for ourselves. These standards, by which teachers will be held accountable are developed by the faculty and Executive Director, and are part of an ongoing dialogue as new staff is added. The staff assessment will not be modeled on a top-down structure. Our belief is that our teachers are professionals capable of doing competent self-assessments of their work in the classroom and with the school community at large. Goals are set and assessed throughout the year primarily by teachers. Teachers are actively involved in their own assessment of their personal teaching goals as well as goals developed by the staff at large. Through the use of informal peer evaluations, teachers lend support to their colleagues' growth and success as well as offering constructive criticism. Other sources of assessment will include input from the Executive Director and an individualized staff assessment committee which shall contain one teacher, one parent and one student (as developmentally appropriate) and may contain the Executive Director or a board member. Parents and students will fill out an annual end-of-the-year assessment for their classroom teacher(s). We will hire a Curriculum Director whose responsibilities will include working directly with teachers on how they are implementing curricular goals and assessing their success.

All School Assessment: Programs, Policies, Protocols

We are committed to assessing our school with an on-going critical eye throughout the year. Our weekly staff meetings and daily planning periods will provide the time and space for on-going dialogue with each other regarding the health of our programs, policies, and protocols. Annually, we will choose a specific curricular area to target for in-services and in-depth curriculum assessment. Our school at large will mirror our classrooms in that needs and negotiations will be continuously nurtured in order to meet our mission statement and curricular goals. How successfully we accomplish our goals and fulfill our mission will depend upon on-going communication between staff, parents, the Executive Director and the board of directors. All members of the community will be asked to complete a comprehensive annual survey to assess this communication. A committee of staff members, board members, parents, and students will be responsible for assessing the various components of our school. This shall occur in the month of February in conjunction with the program audit. At all times, we will respectfully listen to the feedback of our parents, students, teachers, staff, and board members as well as voices from the larger community.

Family Involvement

Both research and anecdotal evidence show that family involvement is a key to student learning success. Our families are an essential part our school community. We expect parental involvement and will work with parents to ascertain at which levels they can be involved. At a minimum, we expect parents to be involved with their child's daily and weekly homework assignments, respond to communications from the school in a timely fashion, and attend 3-way conferences. Additionally, we expect parents to be involved as volunteers at all levels: in the classroom, on the Parent/Teacher/Student Council, on all-school committees, and on the Board of Directors. We are sensitive to the

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needs of single parents, parents in poverty, and minority parents, many of whom have been marginalized in our culture. We will strive to create an inclusive community which values each contribution and is respectful of all levels of involvement. In keeping with our goal of exclusivity, we will offer formal and informal parent education workshops so that parents can learn more about the main strands of our curriculum.

Behavior Management

At our school, we will develop a culture that reinforces our primary belief that we are all connected and, therefore, need to treat everyone with respect. We will use the Positive Discipline approach to classroom management as developed by Jane Nelson, Ed.D., based on the teachings of psychiatrists Alfred Adler and Rudolf Dreikurs.

The main building blocks of Positive Discipline are:

- An atmosphere of caring based on kindness and firmness, dignity and mutual respect
- Daily class meetings—children will be a part of an ongoing process of discussing interpersonal and classroom problems and learning how to develop solutions
- Strengthening communication skills
- Learning about people's separate realities.
- Focusing on solutions instead of punishment - Natural Consequences
- Follow through with dignity and respect

Corporal punishment or emotionally abusive discipline techniques such as shaming, belittling, or yelling will not be used. We believe that clear behavioral expectations, consistent follow through when expectations are not met, and firm kindness within a context of a stimulating learning environment will minimize the need for behavior management. However, we understand that despite skill-building efforts, some members of our learning community will choose inappropriate behavior. The use of "time-outs" both within the classroom and to alternate rooms such as the Executive Director's office shall be used if a member's behavior is so inappropriate as to interfere with the learning environment.

As outlined, we will utilize Positive Discipline practices school-wide. Additionally, we will spend the first six weeks in an intensive establishment of classroom and school-wide norms of behavior. These norms will be specific and our students will be taught the skills that will allow them to resolve conflict and work together harmoniously. Small class size and generous staff/student ratios will also serve to minimize and quickly address inappropriate behaviors. However, some behaviors are so extreme as to warrant suspension or expulsion. Behaviors which would lead to suspension are:

1. Hazing, intimidating, and/or bullying another student
2. Willful defiance of a teacher's reasonable request
3. Persistent, documented class disruption including repetition of intentionally disruptive noises
4. Possession or use of tobacco, alcohol, or any illegal drug
5. Fighting

6. Stealing
7. Unauthorized possession of a small pocket knife
8. Leaving the school campus (or class group when on an outing) without permission
9. Forging a note
10. Defacement of school property/vandalism
11. Using vulgar, profane, or obscene language
12. Gambling or extortion
13. Truancy

The student's classroom teacher, the Executive Director, or other faculty observing the incident makes recommendation for suspension. Before a student is readmitted, the student's parents must meet with the teacher and the Executive Director to establish a behavioral plan for the student's return to school. This plan will include forming a team comprised of the teacher, Executive Director, parent, and student to assess the efficacy of the plan and adjust where necessary to complete the goal of returning and maintaining acceptable behavior. Depending upon the frequency and severity of the above behaviors (the protocol for determining such shall be developed by the Executive Director and staff), the school reserves the right to expel the student.

Some behaviors are so intolerable within a community that they will lead to expulsion from the school. These behaviors are:

1. Possession or use of a weapon (firearms, knives, etc.)
2. Selling illegal drugs on campus
3. Violent assault leading to serious injury
4. Arson
5. Inappropriate sexual behavior

All illegal activities will be reported to Bishopville Police and Lee County Sheriff's Department or other applicable law enforcement agency.

MLD Higher Learning Academy may refuse admission to any student who has been expelled or suspended from a public school until the period of suspension or expulsion has expired. This decision will be made by the Enrollment Committee after the application process has been followed.

The above outlines our expectations and interventions. MLD Higher Learning Academy will follow the policy and discipline of the Lee County School District.

2. Does the policy that set forth disciplinary actions to be taken by the administration for breaches of the student conduct policy, including the suspension and expulsion of student with disabilities?

The Lee County School District's policy outlines what actions and procedures, must be taken by administration for those students who fail to comply with the student conduct policy for both regular and special needs students. MLD Higher Learning Academy will adhere strictly to guidelines set forth by the Lee County School District.

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Teachers

Teachers act as guides, inspirers, facilitators, and coaches and share their knowledge in the classroom. Teachers not only model joy in life-long learning but also model honesty, self-reflection, self-empowerment, and respect. They have rich training and experience and value learning from each other, from students, and from all members of the community. They are treated as the highly trained professionals that they are, valued for their individual gifts, and regarded as partners in administrative decision-making.

As leaders in their classrooms, they have full responsibility for all aspects of the day-to-day educational experience. They are continually assessing the needs of each individual child, the group as a whole, and modifying curriculum and classroom processes where needed. In the classroom, teachers will act as guides in the learning process, allowing students to explore with both freedom and limits. In this process, they will facilitate student's discoveries by providing stimulating, open-ended activities, lively group discussions, high academic expectations, and a safe environment for students to go to the edges of their learning. In order to create such an environment, teachers will act as models treating themselves and others with respect and honesty, striving toward empowerment and balancing caring with firmness. As partners in school development, they meet weekly with staff, and frequently with parent committees and board members to share ideas and evaluate the progress of each of the school's components.

Professional development is an integral part of the continuing success of our school. Teachers will be asked to share their knowledge formally and informally with their colleagues, and be encouraged to attend workshops for the advancement of teaching. Fundraising to provide for increased professional development opportunities.

Teachers will also be assessed using the ADEPT evaluation system.

Student Rights

Students recommended for expulsion have the right to appeal. They may appeal to MLD Higher Learning Academy's Board in writing within 10 working days of expulsion. Once the Board listens to your case, they will place their decision in writing within three days.

MLD Higher Learning Academy will comply with the Family Education Rights and Privacy Act (20 U.S.C. $ 1232) which entitles parents/guardians of students under 18 years of age and students over 18 years of age certain rights with respect to a student's educational record.

Parent Notification

At the beginning of the school year, students and their parents or guardians will attend an orientation session.

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3 At this time they will be given a copy of the policy manual explaining student conduct, rights, and responsibilities. The Executive Director and Program Manager will go over these policies in detail and give students and their parents or guardian the opportunity to ask questions.

Indemnification

MLD Higher Learning Academy assumes the liability of the activities of this charter school and indemnifies and holds harmless the school district, its servants, agents, and employees from any liability, damage, expense, causes of action, suits, claims, or judgments arising from injury to persons or property or otherwise that arises out of the act, failure to act, or negligence of the charter school, its agents and employees, in connection with or arising out of the activity of MLD Higher Learning Academy.

School Calendar

MLD Higher Learning Academy will follow the yearly 2005-2006 Calendar Developed By the Lee County School System.

Instructional Day

The instructional day at MLD Higher Learning Academy will consist of a minimum of six hours of instructional time. The school year will include at least 180 days.

Sample Schedule:

8:00am to 8:30am Community Meeting Time/Silent Reading
8:30am to 9:10am First Period
9:10am to 10:00am Second Period
10:00am to 10:50 am Third Period
10:50am to 11:40pm Fourth Period
11:40pm. to 12:40pm Lunch
12:40pm to 1:30pm Fifth Period
1:30pm to 2:20pm Sixth Period
2:20p.m. to 2:40pm Exploratory Time/Silent Reading
2:45p.m. Departure

Special Student Population
MLD Higher Learning Academy will adhere to the same policy as Lee County School District for students with disabilities in accordance with state and federal laws.

Transportation

We will encourage our parents to drop-off and pick-up their children daily. It is our belief that daily instruction with school personnel benefits everyone involved in the

child's educational process. Our Parent/Home/School Coordinator will establish the carpool system with parents.

We also plan to facilitate transportation to the school for those students who can not utilize the car school system by providing limited transportation. We will purchase a bus to help with transportation. We will also have extended hours in the morning and afternoon for parents who need these services. *In all cases, the Charter School will comply with state and federal law relative to transportation, use of vehicles and qualifications of drivers.* In regards to Special Needs the Charter School will comply with transportation regulations related to buses or vehicles and the disabled and special needs students.

Facilities

Bishopville Church of Christ has agreed to allow us to use their educational center to start up. We will also be purchasing at least two different additional modular building that will be place on adjacent land.

Does the application include a description of the equipment that will be used to support the proposed curriculum? Does the application explain how the equipment will be obtained?

We plan to purchase computers and computer software, particularly Skills Bank using the Start Funds issued by the State Department of Education.

Accounting System

1. **Annual Budget**

Please see **Appendix B** for copy of five-year budget, and per pupil funding allotment.

Grants

The $200.000 reflects the anticipated Charter School Start-up Grant from the SC Department of Education. Please see a sample of the terms specified in the grant in *Attachment 7.*

2. **Annual Audit**

The MLD Higher Learning Academy Governing Board's Committee on Finance and Administration will oversee selection of an independent Auditor (CPA) for a bi-annual audit of the Charter School's financial practices and records.

MLD Higher Learning Academy will contract with an outside licensed South Carolina CPA to conduct financial audits for charters schools. Financial records will be kept on an accrual basis.

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The audit conducted will verify the accuracy of MLD Higher Learning Academy's financial statements, attendance and enrollment accounting practices, and review the School's internal controls. The audit will be conducted in accordance with generally accepted accounting principles applicable to MLD Higher Learning Academy to ensure compliance with state law and the requirements for a non-profit corporation. It is anticipated that the annual audit will be completed by the due date imposed by State Statute.

The Governing Board's Committee on Finance and Administration will review any audit expectations or deficiencies and report to the School's Governing Board with recommendations on how to resolve them.

MLD Higher Learning Academy will adhere to the accounting, auditing, and reporting procedures and requirements that are applied to public schools operating in South Carolina. Accounting, auditing, and reporting requirements will be in compliance with the principles set forth in the following publications: a) Single Audit Guide, B) Financial Accounting Handbook, and c.) Funding Manual.

Pupil Accounting System

MLD Higher Learning Academy will work with the local school district to establish an appropriate pupil accounting system that is in compliance with the South Carolina Pupil Accounting Manual and the South Carolina Student Accountability Manual. In developing and implementing our system initially with assistance with the local school department, we shall insure that it is done both correctly and that we are in agreement about processing and systems for pupil accounting.

Administrative and Teaching Staff

Federal and state laws will govern the hiring of teachers and staff. MLD Higher Learning Academy is an equal opportunity employer and does not discriminate on the basis of disability, race, creed, color, gender, national origin, religion, or ancestry.

All prospective candidates will complete an application. All founding employees need to submit a resume and necessary certifications.

All employees, whether certified or non-certified, must undergo the background checks and investigations required by law for all school employees before they may work in a public school.

MLD Higher Learning Academy will secure personnel by advertising in the local media print and by contacts through the career placement centers at area colleges and universities. Candidates will be asked to provide application materials and resumes.

Administrative Structure

--Executive Director
_ Curriculum Director/Administrative Assistant
_ Office Manager
_Secretary

See Job Descriptions Below. Also see **Attachment 10** for MLD Higher Learning Academy Organizational Chart.

1. Administrative Staff

Executive Director: Master's Degree in Education or a related field: social work, developmental psychology; organizational psychology, or business administration. Responsible for coordinating and monitoring instructional programs including accessing funding source and providing consultants for staff development. Skills in creating a budget and reading a financial statement, and communicating and working collaboratively and cooperatively with staff, students, Board, parents, and Advisory Board will be expected. The Executive Director will be responsible for reviewing student and staff immunization records, coordinating family services, volunteers, transportation, finances, and maintaining all records and filing all state-required reports. The Executive Director will act as a liaison in connecting and promoting the school to the community. S/he will act as a steward and articulator of the school's vision. The Executive Director is responsible for the day-to-day operations of the school and for reporting to and working with the Board of Directors. He or she must hold a current South Carolina Certification in Administration or have at least one year of experiences to the field of school-based administration.

Curriculum Director/Administrative Assistant: In addition to the qualifications listed under Classroom Teacher, the curriculum director/program manager must possess at least five years of teaching experience. The curriculum director shall be employed by the school to work with teachers to develop curricula for all the grades and to support teachers in their work in the classroom specifically pertaining to classroom activities and teaching methods. The curriculum director will be responsible for school in-services and the dissemination of information regarding other professional development opportunities. The curriculum director/program manager will work with the Executive Director in reviewing student and staff immunization records, coordinating family services, volunteers, transportation, finances, and maintaining all records and filing all state-required reports. He/she will also assist in the day today operations of the program. He or she must hold a current South Carolina Certification in Administration or have at least one year of experiences to the field of school-based administration.

Office Manager: Must have a minimum of one year study at an accredited college or university. Preferable a BA degree in business or related field. Effective communication skills with children, families, staff, and the public will be expected. Bookkeeping experience including payroll, accounts payable and receivable, and filing tax forms is

necessary. This person must be adept at using computers. Preference will be given to an applicant with experience in business and office management. The office manager along with the Executive Director and Curriculum Director/Program manager will be responsible for reviewing student and staff immunization records, coordinating family services, volunteers, transportation, finances, and maintaining and filing all reports and records. It will be the responsibility of the office manager in collaboration with the Executive Director to assure all health and safety requirements are maintained..

Secretary: Must have a minimum of one year study at an accredited college or university.. Effective communication skills with children, families, staff, and the public will be expected. Will assist the administrative staff with any needed correspondence. Must have at least three years experience dealing with SASSI.

Either the director or the Curriculum Director/Administrative Assistant must hold current South Carolina certification in administration or have at least one year of experience in the field of school of school-based administration.

2. Teachers

All instructional staff (teachers and assistants) must have a commitment to and experience in a progressive/holistic, child-centered educational model of learning. Classroom teachers must also be committed to a constructivist learning theory approach and be able to show evidence of working from that theoretical base. Teaching assistants must be willing to learn how to utilize a constructivist approach. In accordance to the requirements, all teacher candidates for MLD Higher Learning Academy will hold certification in the state of South Carolina (expectations considered in special content areas or the 25% allowed by law not to be certified..

All core subjects teachers (i.e math, English/language arts, social students, & science) will either be certified in that area or hold a baccalaureate or graduate degree in that subject area. Teachers with elementary certification may teach in any academic area and in any grades allowable by the status of their certification. **No more than 25% of the teaching staff will be non-certified.**

All special education teachers will meet certification requirements of the No Child Left Behind Law. MLD Higher Learning Academy intends to hire teachers who are certified in various Special Education Areas. .MLD Higher Learning Academy will contract out for other special education services such as Psychologists, Speech Therapists, and Hearing Specialist.

Employee Relations

The Governance and Management Subcommittee will handle all employee relation issues until a permanent Personnel Subcommittee is formed in September of 2005. The Subcommittee will develop a Staff Handbook to be approved by the Charter School Planning Committee no later than June 2005.

The Charter School Committee believes that accountability applies not only to students, but also to staff who serve as role models for students. Non-certified teachers will be required to meet the same performance standards as certified teachers.

The MLD Higher Learning Academy will follow and comply with the Codes of Laws of South Carolina, Title 59, Article 5 (Employment and Dismissal Act), in all issues relating to personnel working at MLD Higher Learning Academy. MLD Higher Learning Academy will adopt the grievance and termination policies of Lee County School District, subject to modifications. The Modifications to the personnel grievance and termination polices of Lee County School , substitute, in all cases, the Executive Committee of MLD Higher Learning Academy to examine all facts, to hear all appeals and to render a decision pertaining to grievance and termination of staff. A decision of the Executive Committee of MLD Higher Learning Academy pertaining to grievance and termination may be appealed to the Committee of Directors of the MLD Higher Learning Academy with the Committee's decision on the issue being final and without further review.

Teachers and staff evaluation will take place bi-annually and will include observations of classroom and teaching methods. Prior to the preparation of any written evaluation of a teacher or administrator, the designated administrator shall conduct an evaluation interview. The Administrator along with the Personnel Subcommittee shall develop evaluations forms and guidelines, consistent with the polices of the South Carolina of Education, and subject to the review and approval of the Board. The final annual written evaluation shall be apart of the teacher's permanent record. The will also participate in the ADEPT evaluation process.

The progress and achievement of the students are factors in the measurement of the performance of teachers and administrators. At least bi-annual, direct classroom observations are required of each teacher.

The following criteria shall measure the director/administrator staff and teacher performance:

- Adherence to professional expectations and standards
- Progress toward the goals of MLD Higher Learning Academy

MLD Higher Learning Academy intends to follow the pay scale of the Lee County School District. See *Attachment 9* for a copy of Lee County School District Pay Scale. MLD Higher Learning Academy intends for its staff to participate in the state Department of Education/Lee County benefits package. Enrollment applications will be requested from the Lee County School District.

I. Racial Composition

MLD Higher Learning Academy policy is to not discriminate against any child based on his/her gender, sex, religious, or economical background. As a charter school, we intend

to reflect the racial composition ((92% black, 7% white and 1% other).of the school district as closely as possible. Applications will be available through the local media, public facilities and other local points of distribution throughout the entire community in order to promote a diverse student population. We pass out flyers throughout the community. We will also attend special community functions across the district in order to spread the word. Our targeted population is all students in the Lee County School District grades four through eighth grade; therefore the racial composition of our school should be around (92% black, 7% white and 1% other).

2. Policies and Procedures

In addition to advertisements, MLD Higher Learning Academy will mail out information to parents and guardians of students in Lee County School District in grades three through seventh (who will actually be rising fourth through seventh graders) about our academic program. Parents will be given the opportunity to attend several information sessions so that they may ask questions and/or voice concerns. Everyone is welcome and we hope that parents see this as an opportunity for their children to learn in a diversified setting. There is no way for us to know which students will actually enroll at MLD Higher Learning Academy, however, we feel that if we make ourselves available to communities across the district, then we should get a good cross-section of people who are interested.

3. Desegregation Plan

We have requested from our local district a statement indicating whether or not we are under any desegregation plan or order.

Insurance

The charter school committee is currently negotiating to determine our insurance needs. It is difficult to estimate the cost of insurance when many of the factors needed to make this determination are unknown.

MLD Higher Learning Academy will negotiate terms and amounts for the policies with coverage in amounts determined by the Committee of Directors and the concurrence of the district. The following insurance will be in place by the opening of the school see Attached in **Appendix C.**

1. Worker's Compensation Insurance
2. Liability Insurance
3. School Property and Content Insurance
4. Indemnity Insurance
5. Automobile Insurance if applicable
6. Student Insurance
7. Governing Board errors and omissions
7. Other Insurance

Governance and Operation

The Board of Directors is the legal entity responsible for the charter school's activities.

The Board of Directors shall invest authority in the Executive Director to execute its decisions in the day-to-day operations of MLD Higher Learning Academy. The Executive Director and his/her delegates shall be responsible for ensuring that the mission and purposes of the school as described in the charter are all duly fulfilled and Corporate decisions are implemented. In addition, s/he shall make executive decisions concerning the daily operations of the school. The President and the Treasurer shall be responsible as joint signatories for all disbursements over $1000. The President, Vice-President, Treasurer, and Secretary shall make themselves available to consult with the Executive Director and the professional staff on an as needed basis between monthly board meetings. **SEE Appendix D for Bylaws.**

Our past experience with nonprofit boards has shown us that developing a capable, effective Board of Directors can only come about through initial and ongoing board training. We will educate board members as to their rights and responsibilities as a board member, hold annual board retreats, and establish clear protocol for conducting board meetings. We will utilize the Center for Non-Profits, our advisory board, and other local organizational development consultants to assist us in developing clear, sound, and wise leadership.

The governing board shall have the authority to develop polices, make exective decisions regarding:

- Employing and contracting staff and teachers
- Ensuring that background checks take place
- Contracting for other services for the school
- Developing performance criteria for staff, as well as discharge policies
- Deciding matters related to school operation
- Ensuring that the school will adhere to comply with the same rights that are applied to all public schools.

The employees of the school and all parents or guardians of enrolled students will nominate and elect the governing board of MLD Higher Learning Academy annually. Parents or legal guardians shall have one vote for each child enrolled in the school. Elections will take place at the beginning of each school year.

MLD Higher Learning Academy Will adhere to all state and federal health, state, civil rights, and disability rights requirements that are applied to the Lee County School District.

Freedom Act Compliance

MLD Higher Learning Academy and its governing body will comply with the freedom of Education Act as evidence in the bylaws of this corporation and the filing of a non-profit status.

Parent, community and professional educator involvement

As outlined parental and community involvement or essential to the success of our program. The governing board of .MLD Higher Learning Academy will consist of parents, guardians, community members and teachers. These members will set policies and procedures for the school. Once the charter has been approved, we ill hold monthly meetings in order to educate everyone about the delicate, yet important details of the operation of the school. People must be aware of state and federal laws that govern public schools. We will also inform parents and the community about the mission and vision of .MLD Higher Learning Academy. We will allow suggestions and comments from those who would like to have input. We will set up various committees on which parents and community members can work and offer their expertise. Each one will be co-chaired by a teacher and with a parent or community member. These committees will remain in place with elections being held each yea for new members. At MLD Higher Learning Academy, parents and guardians will be encouraged to be active volunteers throughout the school year.

TIME FRAME FOR FULL IMPLEMENTATION OF MLD Higher Learning Academy

The full implementation of all aspects of our school vision will not be completed within the first year. It will take several years to see the full flowering of our program on a school-wide level. Although we will hire staff based upon the qualifications explained later in this document, we will be conducting ongoing staff trainings in order to ensure that our curricular philosophy and behavioral methods are consistently used in each classroom.

First Year, 2005-2006: Intermediate School consisting of Fourth through sixth grade, Middle School consisting of seventh and eighth grades, teaching Basic Skill (as described in the Overall Program section), Board of Directors' training through local non-profit development organizations, establishing routines, school traditions and school identity, and networking with the community through service projects and business partnerships.

Second Year, 2006-2007: All of the above plus adding ninth grade, an additional enrichment, acculturating new students, teachers, and board members.

Third Year, 2007-2008: All of the above plus adding tenth grade and K5 through 3rd.

Fourth Year, 2009-2010 All of the above plus adding eleventh grade.

Fifth Year, 2010-2011: All of the above plus adding twelfth grade and sending our first class of graduates forth into the world. The whole staff will be fully trained in our methodology. The school size is complete.

STATEMENT OF ASSURANCES

This form must be signed by a duly authorized representative of the applicant group and submitted with the Charter School Application.

As the authorized representative of the applicant group, I hereby certify under the penalties of perjury that the information submitted in this application for __MLD Higher Learning Academy (name of school) is true to the best of my knowledge and belief; and further I understand that, if awarded a charter, the school and its governing board:

A. Will comply with all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, or need for special education services.

B. Will not charge tuition or other charges of any kind except as may be allowed by the sponsor.

C. Will adhere to the same health, safety, civil rights, and disability rights requirements as are applied to other public schools operating in the same school district.

D. Will meet, but may exceed, the same minimum student attendance requirements as are applied to public schools operating in the same school district.

E. Will adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools operating in the same school district.

F. Will use the same pupil accounting system as is required of all public schools and districts.

G. Will employ noncertified teachers in a ratio of up to twenty-five percent of its entire teaching staff (ten percent for conversion schools). Teachers in the core academic areas of English/language arts, mathematics, science, or social studies will be certified in those areas or possess a baccalaureate or graduate degree in those areas. All teachers will be highly qualified as defined in the No Child Left Behind Act of 2002.

H. Will employ one administrative staff member who is certified or experienced in the field of school administration.

I. Will be secular in its curriculum, programs, governance, and all other operations.

J. Will comply with the Freedom of Information Act.

K. Will comply with the No Child Left Behind Act of 2002.

L. Will assume liability for the activities of the charter school and will indemnify and hold harmless the school district, its servant, agents, and employees, from any and all liability, damage, expense, causes of action, suits, claims, or judgments arising from injury to persons or property or otherwise which arises out of the act, failure to act, or negligence of the charter school, its agents and employees, in connection with or arising out of the activity of the charter school.

M. Will report to its sponsor and the Department of Education any change to information provided under its application.

N. Will report at least annually to its sponsor and the Department of Education all information required by the sponsor and by the Department, including, at a minimum, the number of students enrolled in the charter school, the success of students in achieving the specific educational goals for which the charter school was established, and the identity and certification status of the teaching staff.

O. Will adhere to all provisions of federal law relating to students with disabilities, including Individuals with Disabilities Education Act, section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act of 1990 that are applicable.

P. Will adhere to all provisions of federal law relating to students who are limited English proficient (LEP), including Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974.

Q. Will comply with S.C. Code Ann. § 59-63-235 (Supp. 2002), which provides for the expulsion of any student who brings a firearm to school.

R. Will comply with the Family Education Rights and Privacy Act (20 U.S.C. § 1232).

S. Will comply with any school district desegregation plan or order in effect.

Brenda H Davis — Signature of charter school planning committee chair

5-31-04 — Date

660263

Appendices

APPENDIX

STUDENT ENROLLMENT PROJECTIONS

GRADE	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Pre-Kindergarten					
Kindergarten			38	38	38
First			38	38	38
Second			38	38	38
Third			38	38	38
Fourth	38	38	38	38	38
Fifth	38	38	38	38	38
Sixth	38	38	38	38	38
Seventh	38	38	38	38	38
Eighth	38	38	38	38	38
Ninth		38	38	38	38
Tenth			38	38	38
Eleventh				38	38
Twelfth					38
TOTALS	190	228	418	456	498

000265

Projected Five Year Budget MLD Higher Learning Academy

		2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
	EXPENSES:					
113/100	Salaries/Admin.	128,000	131,200	246,481	280,641	287,657
113/200	Salaries/Instruct.	262,000	268,820	532,524	545,848	559,474
114/200	Salaries/Instruct.		60,000	154,500	218,363	253,853
223/100	Benefit/Taxes Admin.	25,600	26,240	49,296	56,128	57,531
223/200	Benefit/Taxes Instruc.	52,400	65,764	137,405	152,842	162,657
254/300	Rent	38,000	40,000	60,000	60,000	60,000
254/400	Electric	18,000	19,000	24.000	25,000	26,000
254/300	Telephone	4,200	4,500	4,800	5,200	5,600
254/300	Water	1,500	1,600	1,700	1,800	2,000
254/300	Maintenance	8,200	9,500	10,800	11,200	12,500
254/300	Insurance	7,000	8,500	9,500	10,000	11,500
254/300	Food	12,000	13,200	16,500	16,500	16,500
254/300	Janitorial	8,500	9,000	18,000	19,000	20,000
254/300	Computers	40,000	15,000	26,000	15,000	15,000
254/300	Accountant/Office Manager	19,000	19,475	19,962	20,462	20,970
254/300	Trash	2,000	2,300	2,600	3,000	3,500
254/300	Annual Audit		5,000	5,000	5,000	5,000
255/300	Travel	10,000	12,500	15,000	15,000	15,000
224/300	Training/Consultant	13,000	10,000	15,000	10,000	10,000
224/400	Supplies	10,000	7,500	10,000	8.000	8,000
113/400	Curriculum	65,000	25,000	35,000	25,000	25,000
221/500	Office Equipment	8,500	2,000	3,000	3,000	3,000
113/500	Classroom Furniture	23,000	3,000	15,000	5,000	5,000
113/500	Classroom Equipment	8,000	2,000	3,000	4,000	4,000
114/500	Classroom Furniture		5,000	5,000	5,000	5,000
114/500	Classroom Equipment		2,000	3,000	3,000	3,000
Total Expenditures		$743,900	$767,799	$1,343,068	$1,523,984	$1,597,742

000268

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
3313 Student Revenue	$704,900	$845,652	$1,550,362	$1,691,304	$1,847,082
Grant	$200,000	$200,000			
Carryover		$161,000	$438,853	$646,147	$813,467
Total Revenue	**$904,900**	**$1,206,652**	**$1,989,215**	**$2,337,451**	**$2,660,549**
Total Expenditures	**$743,900**	**$767,799**	**$1,343,068**	**$1,523,984**	**$1,597,742**
Surplus	(+161,000)	(+ $438,853)	(+$646,147)	(+$813,467)	(+$1,062,807)

This estimation does not include any federal funds we may entitle to.

192000

PERSONNEL BREAKDOWN

		2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
EXPENSES:						
113/100	**Salaries/Admin.**					
	Executive Director	$60,000	61,500	63,038	64,614	66,230
	Curriculum Coordinator/ Program Manager	40,000	41,000	42,025	43,075	44,152
	Secretary	14,000	14,350	28,709	29,426	30,162
	Parent Coordinator	14,000	14,350	14,709	15,076	15,453
	Administrative Assis.			(2) 70,000	(2) 71,750	(2) 73,183
	Guidance Counselors			(1) 28,000	(2)56,700	(2) 58,118
113/200	**Salaries/Instruct.**					
	Certified Teachers	(7) $210,000	(7) 215,520	(14) 430,901	(14) 441,674	(14)452,716
	Non Certified	(2) 38,000	(2)38,950	(3) 58,924	(3)60,397	(3) 61,907
	Teacher's Assistant	(1) 14,000	(1)14,350	(3) 42,709	(3) 43,777	(3) 44,871
114/200	**Salaries/Instruct.**					
	Certified Teachers		(2) 60,000	(4) 121,500	(6) 184,538	(7) 219,152
	Non Certified			(1) 19,000	(1) 19,475	(1)19,962
	Teacher's Assistant			(1) 14,000	(1) 14,350	(1) 14,709

2006000

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

INEZ MOORE TENENBAUM
STATE SUPERINTENDENT OF EDUCATION

prepared February 2004

Estimated Charter School Per Pupil Funding for Lee County School District

1	2002-2003 Audited Financial Statements		Amount
2	Total General Fund Expenditures	$	13,068,047.00
3	Less: Intergovernmental Expenditures	$	64,588.00
4	NET General Fund Expenditures (2-3)	$	13,003,459.00
5	FY 2002-2003 Weighted Pupil Units (135-day)		3,505.40
6	Per Pupil Amount (4/5)	$	3,709.55
7	2003-04 Inflation Factor (0.00% x 6)		
8	2004-05 Inflation Factor (0.00% x 6 + 0.00% x 7)	*(to be determined)*	
9	2004-05 Weighted Per Pupil Amount (6 + 7 + 8)	$	3,709.55

The weighted per pupil amount (line 9 above) includes the base for state and local funding as determined by Lee County School District's audit for FY 2002-03. This amount is multiplied by the charter school's weighted pupil units based upon students' classifications (indicated below) and average daily membership.
The charter school may be entitled to other state and federal categorical funds based on the characteristics of the students actually enrolled.

Code	Classification	Weighting
K	Kindergarten	1.30
P	Primary	1.24
EL	Elementary	1.00
HS	High School	1.25
TM	Trainable Mentally Handicapped*	2.04
SP	Speech Handicapped	1.90
HO	Homebound	2.10
EH	Emotionally Handicapped	2.04
EM	Educable Mentally Handicapped	1.74
LD	Learning Disabilities	1.74
HH	Hearing Handicapped	2.57
VH	Visually Handicapped	2.57
OH	Orthopedically Handicapped	2.04
V1	Vocational (Grades 9–12)	1.29
V2	Vocational (Grades 9–12)	1.29
V3	Vocational (Grades 9–12)	1.29
AU	Autism	2.57

*Includes Profoundly Mentally Handicapped.

The State of South Carolina

Office of Secretary of State Mark Hammond

Certificate of Incorporation, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

MLD HIGHER LEARNING ACADEMY,

a nonprofit corporation duly organized under the laws of the state of South Carolina on **February 27th, 2004**, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great Seal of the State of South Carolina this 17th day of March, 2004.

Mark Hammond

Mark Hammond, Secretary of State

X

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
HOLTSVILLE NY 00501-0023

Date of this notice: 04-01-2004

Employer Identification Number:
20-0886171

Form: SS-4

Number of this notice: CP 575 E

For assistance you may call us at:
1-800-829-4933

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

MLD HIGHER LEARNING ACADMENY
% BENITA DINKINS ROBINSON
54 JOE RD
BISHOPVILLE SC 29010

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 20-0886171. This EIN will identify your business account, tax returns, and documents even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, please use the label IRS provided. If that isn't possible, you should use your EIN and complete name and address shown above on all federal tax forms, payments and related correspondence. If this information isn't correct, please correct it using the tear off stub from this notice. Return it to us so we can correct your account. If you use any variation of your name or EIN, it may cause a delay in processing and may result in incorrect information in your account. It also could cause you to be assigned more than one EIN.

If you want to apply to receive a ruling or a determination letter recognizing your organization as tax exempt, and have not already done so, you should file Form 1023/1024, Application for Recognition of Exemption, with the IRS Ohio Key District Office. Publication 557, Tax Exempt Status for Your Organization, is available at most IRS offices and has details on how you can apply .

IMPORTANT REMINDERS:

* Keep a copy of this notice in your permanent records.
* Use this EIN and your name exactly as they appear above on all your federal tax forms.
* Refer to this EIN on your tax related correspondence and documents.

Thank you for your cooperation.

000272

REC - 103

54 Joe Rd.
Bishopville, SC 29010

Phone 803-428-3350
E-mail dinkinsb2001@yahoo.com

Benita Genine Dinkins-Robinson

Objective

To obtain a position that utilizes and expands my counseling and managerial skills. To use what I have inquired professionally, personally, and socially to empower the lives of the children and families that I may touch. To help students develop into productive and dependable citizens.

Education

Currently Attending Capella University
Education with Specialization in Elementary and Secondary Educational Administration, Doctor of Philosophy(PH.D.)
- GPA: 4.00

1997 – 1999 Webster University
Master of Arts in Counseling GPA: 3.80

1993 – 1996 Coker College
Psychology, Concentration in Counseling GPA: 3.95
Sociology, Concentration in Criminology GPA: 3.90

1989 – 1993 Bishopville High School
GPA: 4.90

Professional experience

August 2003 to Present

Mental Health Counselor III

Provide an array of counseling services to children and families, specifically "at-risk" students. The services include individual, group and family counseling, assessments, treatment planning, target case management and etc. Provide parenting groups for DJJ and DSS.

000275

Professional experience

1998 – 2003 Lee County School District Bishopville, SC

Community/Home/School Coordinator/Clinical Counselor

- Served as Coordinator and District Liaison of SIP/PUNTS Alternative School. Helped with the implementation and start of the program. Trained the staff on effective ways of dealing with at-risk students. Provided direct individual and group counseling to students and families throughout the county. Serve as Hearing Officer. Facilitated hearings for students at-risk of being expelled from school. Determined the best alternative placement and/or need services for these students. Served as the Attendance Supervisor, Truancy Court Coordinator, and Truancy Officer. Documented and reported to court students that have missed the allotted time. Attended court for those students that have violated various crèmes throughout the school district. Report to the State Department of Education the current attendance, dropouts and crimes of the district. Implemented Truancy Diversion Program in Lee County. Served as Parent Coordinator. Coordinated District-wider parent events. Provided training with elementary and middle school level Title I coordinators. Served as Communication Specialist for the district. Recorded daily radio announcements. Distributed weekly and bi-weekly reports to local businesses, officials, and churches. Served on district Safe and Drug Free Schools and Character Development Committees. Served as Youth Court Coordinator. Worded with first time juvenile offenders with misdemeanors and status offenses, as a deterrent from going through the traditional court system.

1996 – 1998 Camp Bennettsvillle Bennettsville, SC

Lead Clinical Counselor, Behavior Modification Specialist

- Conducted statffing with the Department of Juvenile Justice and assessed each potential student's need for services based on the nature of charges and emotional stability. Conducted interviews with the client to establish treatment goals. Helped established the Behavior Modification Program and made sure that proper services were being rendered to help modify each student's behavior. Provided appropriate training to ensure that services and interventions provided werer in accordance with acceptable clinical practices. Developed Individual Treatment Plan and Treatment Plan Reviews on each student. Supervised the daily documentation of each student. Conducted weekly staffing to discuss each student's needs, behavior, and progress. Conducted group and individual counseling with clients and staff. Worked hand in hand with Probation and Parole and Community Specialist to establish release, probation, and proper home placement. Medicaid Certified. Attended Crisis Intervention Training and provided training to other staff members. Worked with adjudicated males between the ages of 14 to 18 years to help them modify their behavior so that they can return back to a less restrictive environment.

000274

1996 – 1997 Healthy Start Teen Life Center Darlington, SC

Activity Director/Teen Leader/Counselor

- Worked hand in hand with the coordinator to prevent teenage pregnancy and infant mortality. Planned, organized, and facilitated activities that focused on issues such as trust building, life skills, decision making, self-esteem, career planning, sex and health education, recreation and group counseling sessions. Provided individual counseling to teens and their families through home visits, at programs, in schools, and over the phone—Peer Support Line. Organized and facilitated homework center. Established a successful mentoring and tutoring program. Collected demographics on teens referred to the program, needed testing, individual services plans, administered assessments and kept and accurate count of each contact with client.

01/1996 – 12/1996 Pee Dee Coalition Hartsville, SC

Assistant Coordinator

Achievements

1999 – 2003	Implemented Alternative school and served as its coordinator from 1999 to 2001
1998	Completed first Annual district-wide Christmas food/clothes/toys drive
1999	Headed first basketball, football and computer camps
	Coordinated Lee County School District's Annual Parent Day from 1999 to 2001, where in excess of 500 participants were in attendance each year
2001	Implemented Project SAVE summer program to help students make up unlawful days
	Organized "Let's talk with the Superintendent" throughout Lee County
2002	Implemented Truancy Court, which has heard over 500 cases, with three acting judges
2003	Implemented a faith-based summer program

Community activities

Assistant to Community Oriented Policing Problem(COPS), Lee County Sheriff Department and Bishopville Police Department

Primary Prevention
AIDS Task Force
Communities and Schools Board of Directors
Governor's Youth Crime Council

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Special Skills

Microsoft Word, Excel, PowerPoint, Publisher, Word 4.0, and Access 2000
Printmaster and Print Shop
Public Speaking Skills
As well as other related computer and Internet skills

References

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803/428-4020

Elder Nathaniel Dixon, Pastor of Browntown Temple

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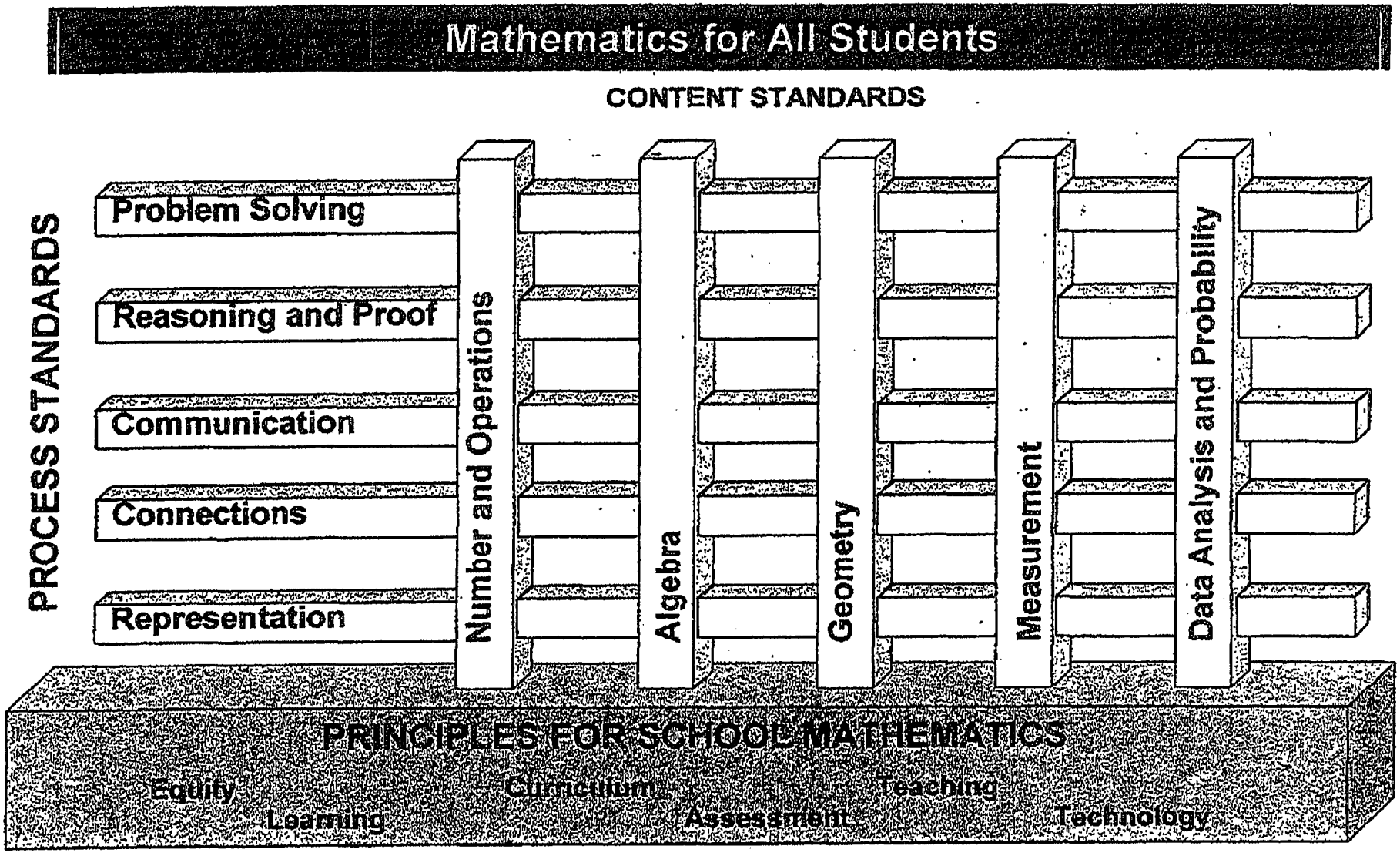
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ATTACHMENT 1

A Sample Compilation of South Carolina Standards for Grades 4-8

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Grades 3-5



As the above model reflects, Principles describe particular features of a high-quality mathematics program and serve as the foundation for Content Standards and Process Standards. Process Standards outline the methods through which students attain the mathematical knowledge, skills, and conceptual understandings set forth in the Content Standards.

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PROCESS STANDARDS EXPLANATIONS

The process standards provide the framework for teaching, learning, and assessing the content standards.

Problem Solving Standard

Instructional programs from prekindergarten through grade 12 should enable all students to accomplish the following:	• build new mathematical knowledge through problem solving; • solve problems that arise in mathematics and in other contexts; • apply and adapt a variety of appropriate strategies to solve problems; and • monitor and reflect on the process of mathematical problem solving.

Reasoning and Proof Standard

Instructional programs from prekindergarten through grade 12 should enable all students to accomplish the following:	• recognize reasoning and proof as fundamental aspects of mathematics; • make and investigate mathematical conjectures; • develop and evaluate mathematical arguments and proofs; and • select and use various types of reasoning and methods of proof.

Communication Standard

Instructional programs from prekindergarten through grade 12 should enable all students to accomplish the following:	• organize and consolidate their mathematical thinking through communication; • communicate their mathematical thinking coherently and clearly to peers, teachers, and others; • analyze and evaluate the mathematical thinking and strategies of others; and • use the language of mathematics to express mathematical ideas precisely.

Connections Standard

Instructional programs from prekindergarten through grade 12 should enable all students to accomplish the following:	• recognize and use connections among mathematical ideas; • understand how mathematical ideas interconnect and build on one another to produce a coherent whole; and • recognize and apply mathematics in contexts outside of mathematics.

Representation Standard

Instructional programs from prekindergarten through grade 12 should enable all students to accomplish the following:	• create and use representations to organize, record, and communicate mathematical ideas; • select, apply, and translate among mathematical representations to solve problems; and • use representations to model and interpret physical, social, and mathematical phenomena.

Grades 3–5: Number and Operations

STANDARD I. **Understand numbers, ways of representing numbers, relationships among numbers, and number systems.**

EXPECTATION A. **Understand the place-value structure of the base-ten number system and be able to represent and compare whole numbers and decimals.**

3	4	5
*1. Explain the place value structure of whole numbers through hundred thousands.	1. Explain the place value structure of whole numbers including periods (thousands, millions, billions, etc.).	
2. Read and write whole numbers.		
3. Compare whole numbers using symbols (>, <, =) and words (*is greater than, is less than,* and *equals*).		
4. Identify the place value of decimals through hundredths using concrete and pictorial models.		1. Describe the place value structure of decimals.
5. Read and write decimals through hundredths based on concrete and pictorial models.		2. Read and write decimals.
6. Compare decimals (through hundredths) using symbols (>, <, and =) and words (*is greater than, is less than,* and *equals*) with concrete and pictorial models.	*2. Compare decimals (through hundredths) using symbols (>, <, and =) and words (*is greater than, is less than,* and *equals*).	*3. Order lists of three or more numbers that contain whole numbers, decimals, or both.
7. Read and write amounts of money using the dollar sign ($) and decimal notation (.).		

EXPECTATION **B.** **Recognize equivalent representations for the same number and generate them by decomposing and composing numbers.**

3	4	5
*1. Recognize equivalent representations for the same whole number by decomposing and composing whole numbers up through three digits.		
2. Write three-digit whole numbers in standard form, in expanded form, and in words.	1. Write whole numbers in standard form, in expanded form, and in words.	1. Write decimals (ten thousandths) in standard form, in expanded form, and in words.

EXPECTATION **C.** **Develop understanding of fractions as parts of unit wholes, as parts of a collection, as locations on number lines, and as divisions of whole numbers.**

3	4	5
*1. Describe fractional parts of a unit or a group of objects (1/100, 1/10, 1/8, 1/6, 1/5, 1/4, 1/3, and 1/2).	1. Describe fractional parts of collections of objects.	1. Name and write mixed numbers and improper fractions shown in concrete and pictorial models.
	2. Locate points on a number line corresponding to a unit fraction and its multiples between 0 and 1.	2. Locate points on a number line corresponding to mixed numbers and improper fractions.
		3. Explain the relationship between fractions and division.

EXPECTATION **D.** **Use models, benchmarks, and equivalent forms to judge the size of fractions.**

3	4	5
	1. Relate the size of fractions to the benchmark fractions of 0, 1/2, and 1.	1. Relate the size of fractions to the benchmark fractions 0, 1/4, 1/2 , 3/4, and 1.
	2. Compare concrete or pictorial models of fractions using the symbols >, <, and =.	*2. Compare fractions using symbols (>, <, and =) and words (*is greater than, is less than,* and *equals*).

EXPECTATION E. Recognize and generate equivalent forms of commonly used fractions, decimals, and percents.

3	4	5
*1. Represent equivalent forms of commonly used fractions using concrete and pictorial models.	1. Write equivalent forms of commonly used fractions.	1. Represent fractions as decimals and percents using concrete and pictorial models.
	2. Write equivalent forms of decimals.	*2. Identify equivalent relationships among fractions, decimals, and percents such as 1/4 = .25 = 25%, 1/3 = .$3\overline{3}$ = 33 1/3%, 2/5 = .40 = 40%, 1/2 = .50 = 50%, and 3/4 = .75 = 75%.
	*3. Identify and represent common fraction-decimal equivalents.	

EXPECTATION F. Explore numbers less than 0 by extending the number line and through familiar applications.

3	4	5
	1. Identify situations in which numbers less than 0 are used.	1. Describe numbers less than 0 using real world models.

EXPECTATION G. Describe classes of numbers according to characteristics such as the nature of their factors.

3	4	5
1. Describe and identify the characteristics of even and odd numbers by examining their divisibility by 2.	*1. Determine the factors of a given number up to 50.	1. Identify a number as prime, composite, or neither.
		*2. Explain the characteristics of prime numbers and composite numbers.
	*2. Determine common multiples of pairs of whole numbers each of which is less than or equal to 12.	*3. Determine the least common multiple of two whole numbers.

Grades 3–5: Algebra

STANDARD I. Understand patterns, relations, and functions.

EXPECTATION A. Describe, extend, and make generalizations about geometric and numeric patterns.

3	4	5
1. Describe, create, and extend numeric patterns with and without models and calculators.	1. Using models and calculators, create, extend, and analyze numeric patterns (including decimal patterns through thousandths).	1. Using models and calculators, analyze and extend numeric and geometric patterns such as triangular numbers, perfect squares, and arithmetic sequences.
		2. Find the missing elements in numeric and nonnumeric patterns.

EXPECTATION B. Represent and analyze patterns and functions, using words, tables, and graphs.

3	4	5
1. Determine the pattern to identify missing numbers in a sequence and in a table of number pairs.	1. Describe and represent number relationships with tables.	*1. Represent and analyze patterns and functions using words, tables, and graphs.
*2. Use pattern identification to solve problems.	*2. Determine the rule to identify missing numbers in a sequence or a table.	2. Analyze, describe, and use function rules to make generalizations.

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Grades 3–5: Data Analysis and Probability

STANDARD I. Formulate questions that can be addressed with data and collect, organize, and display relevant data to answer them.

EXPECTATION A. Design investigations to address a question and consider how data-collection methods affect the nature of the data set.

3	4	5
1. Write questions about objects and events that can be investigated by collecting data.	1. Develop strategies for administering a simple survey to obtain unbiased results.	1. Compare data sets collected in different ways to address a given question and then determine how the methods of collection affected the data sets.

EXPECTATION B. Collect data using observations, surveys, and experiments.

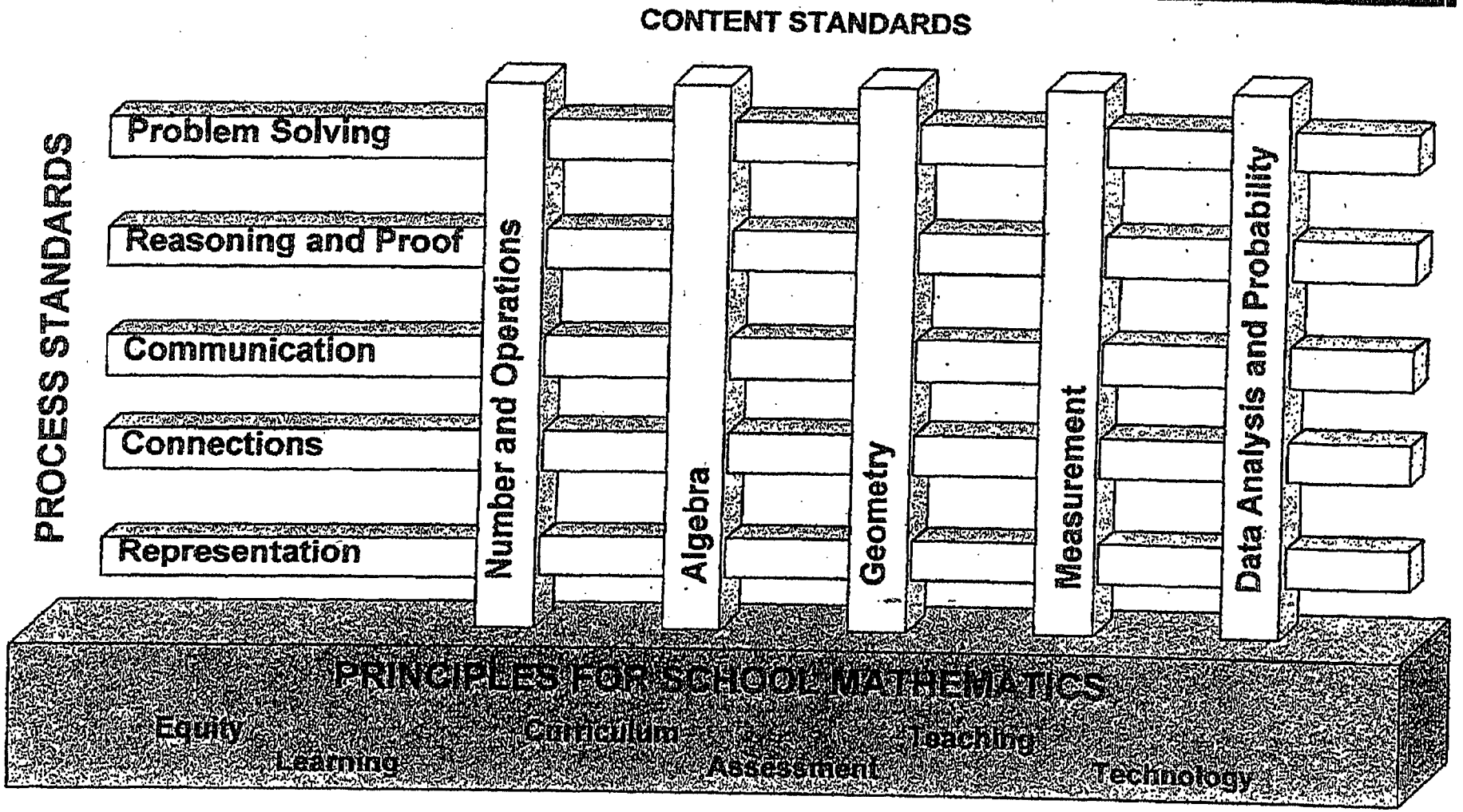
3	4	5
1. Collect data using observations.	1. Systematically collect data using surveys.	1. Collect data using observations, surveys, and experiments.

EXPECTATION C. Represent data using tables and graphs such as line plots, bar graphs, and line graphs.

3	4	5
*1. Construct line (dot) plots for data sets.	*1. Construct bar graphs for collected data sets with scale increments of one or greater.	1. Determine appropriate horizontal and vertical scales for data sets and then how to represent zero on a graph.
		*2. Construct and interpret tables and line graphs for data sets from applied situations.
*2. Read and interpret information from tables, pictographs, bar graphs, and line (dot) plots.	*2. Read and interpret information from tables, line graphs, and bar graphs.	3. Explain what type of graph may be appropriate for a given data set.

Grades 6-8

Mathematics for All Students



As the above model reflects, Principles describe particular features of a high-quality mathematics program and serve as the foundation for Content Standards and Process Standards. Process Standards outline the methods through which students attain the mathematical knowledge, skills, and conceptual understandings set forth in the Content Standards.

Grades 6–8: Number and Operations

STANDARD I. Understand numbers, ways of representing numbers, relationships among numbers, and number systems.

EXPECTATION A. Work flexibly with fractions, decimals, and percents to solve problems.

6	7	8
*1. Show the relationship among fractions, decimals, and percents.	1. Write and use the appropriate equivalent forms of whole numbers, fractions, decimals, and percents.	1. Solve real-world problems involving fractions, decimals, and percents.

EXPECTATION B. Compare and order fractions, decimals, and percents efficiently and find their approximate locations on a number line.

6	7	8
1. Use order symbols to compare two fractions, two decimals, or two percents.	1. Identify, represent, and find the approximate location of fractions, decimals, percents, and square roots of perfect squares on a number line and then justify the reasoning used.	1. Compare and order rational and irrational numbers and find their approximate locations on a number line.
	2. Use order symbols to compare fractions, decimals, percents, and square roots of perfect squares and then justify the reasoning used.	

EXPECTATION C. Develop meaning for percents greater than 100 and less than 1.

6	7	8
1. Use models to represent percents greater than 100 percent and solve problems involving them.	1. Use models to represent percents less than 1 percent and solve problems involving them.	1. Solve real-world problems involving the use of percents greater than 100 percent or less than 1 percent.

EXPECTATION D. Understand and use ratios and proportions to represent quantitative relationships.

6	7	8
1. Connect the concept of ratio and fractions by determining the equivalence of two ratios.	*1. Create and write ratios and proportions from applied situations and explain the reasoning used.	

EXPECTATION E. Develop an understanding of large numbers and recognize and appropriately use exponential, scientific, and calculator notation.

6	7	8
1. Evaluate powers of ten up to 10^6.	1. Translate to standard form a number written in exponential form, in scientific notation, and in calculator notation.	1. Use scientific notation to write very large numbers and numbers less than one.

EXPECTATION F. Use factors, multiples, prime factorization, and relatively prime numbers to solve problems.

6	7	8
1. Solve problems using prime factorization, common multiples, and common factors and then explain the reasoning used.	1. Apply primes, composites, factors, multiples, and relatively prime numbers in a variety of applied and mathematical situations and explain the reasoning used.	

EXPECTATION G. Develop meaning for integers and represent and compare quantities with them.

6	7	8
1. Use integers to describe real-world phenomena in order to develop meanings for integers.	1. Compare and order integers.	

Grades 6–8: Geometry

STANDARD I. Analyze characteristics and properties of two- and three-dimensional geometric shapes and develop mathematical arguments about geometric relationships.

EXPECTATION A. Precisely describe, classify, and understand relationships among types of two- and three-dimensional objects using their defining properties.

6	7	8
	1. Classify polygons as regular or nonregular and investigate relationships between the number of diagonals and the number of sides of a regular polygon.	
1. Compare and contrast prisms, cylinders, and pyramids with the polygons or circles that constitute their faces.		1. Identify the necessary and sufficient properties that characterize quadrilaterals.

EXPECTATION B. Understand relationships among the angles, side lengths, perimeters, areas, and volumes of similar objects.

6	7	8
1. Describe relationships among angles, side lengths, perimeters, and areas of similar polygons.	*1. Describe relationships between the edge lengths and the volume of similar prisms.	*1. Describe how a change in the edge length affects the angle measures, perimeters, and areas of similar regular polygons.

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Grades 6–8: Data Analysis and Probability

STANDARD I. Formulate questions that can be addressed with data and collect, organize, and display relevant data to answer them.

EXPECTATION A. Formulate questions, design studies, and collect data about a characteristic shared by two populations or different characteristics within one population.

6	7	8
1. Given a problem situation involving one population, collect, analyze, and interpret data.	1. Given a problem situation involving two populations, collect, analyze, and interpret data.	

EXPECTATION B. Select, create, and use appropriate graphical representations of data, including histograms, bo plots, and scatterplots.

6	7	8
1. Organize and display data in a variety of ways including frequency tables, histograms, and stem-and-leaf plots.	1. Organize, display, and interpret data in a variety of ways including box-and-whisker plots.	1. Use a matrix to organize and describe data.
	2. Construct circle graphs and interpret the meaning.	2. Create and use a scatterplot and estimate its line of fit.
		3. Explain what type of graph would be appropriate for a given data set.

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Grades Three through Five Language Arts Standards

Reading Goal (R) **The student will draw upon a variety of strategies to comprehend, interpret, analyze, and evaluate what he or she reads.**

Reading Process and Comprehension

R1 The student will integrate various cues and strategies to comprehend what he or she reads.

Grade Three	Grade Four	Grade Five
3-R1.1 Demonstrate the ability to use a variety of strategies to the derive meaning from texts and to read fluently.	4-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning from texts and to read fluently.	5-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning and to read fluently.
3-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	4-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	5-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.
3-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	4-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	5-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.

Analysis of Texts

R2 The student will use a knowledge of the **purposes, structures**, and elements of writing to analyze and interpret various types of texts.

Grade Three	Grade Four	Grade Five
3-R2.1 Demonstrate the ability to analyze **characters, setting,** and **plot** in a literary work. 3-R2.11 Continue comparing and contrasting **settings, characters**, events, and ideas in a variety of texts.	4-R2.1 Demonstrate the ability to analyze **character** traits and motives, **setting,** and **plot** in a literary work; begin identifying **tone.** 4-R2.11 Demonstrate the ability to compare and contrast **settings, characters**, events, and ideas in a variety of texts.	5-R2.1 Demonstrate the ability to analyze **character** traits and motives, **setting,** and **plot** in a literary work; continue identifying **tone.** 5-R2.11 Demonstrate the ability to compare and contrast **settings, characters**, events, and ideas in a variety of texts.
3-R2.2 Demonstrate the ability to identify problem and solution in a work of **fiction** or **drama.**	4-R2.2 Demonstrate the ability to identify problem and solution in a work of **fiction** or **drama**; begin identifying **conflict.**	5-R2.2 Demonstrate the ability to identify **conflict** in a literary work; begin comparing and contrasting **conflicts** in a variety of literary works.
3-R2.3 Demonstrate the ability to identify the narrator's **point of view** in a work of **fiction.**	4-R2.3 Demonstrate the ability to identify the narrator's **point of view** in a work of **fiction.**	5-R2.3 Demonstrate the ability to identify the narrator's **point of view** in a work of **fiction.**
3-R2.4 Continue **summarizing** the **theme** of a particular text.	4-R2.4 Demonstrate the ability to **summarize** the **theme** of a particular text.	5-R2.4 Begin comparing and contrasting **theme** in a variety of texts.
3-R2.5 Continue identifying elements of style such as **word choice** and sentence **structure (syntax).**	4-R2.5 Demonstrate the ability to identify elements of style such as **word choice** and sentence **structure (syntax).**	5-R2.5 Demonstrate the ability to identify elements of style such as **word choice** and sentence **structure (syntax).**

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Writing Goal (W) The student will write for different audiences and purposes.

The Writing Process

W1 The student will apply a **process approach** to writing.

Grade Three	Grade Four	Grade Five
3-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.	4-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.	5-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.
3-W1.2 Demonstrate the ability to plan for **audience** and **purpose** and to generate drafts that use a logical progression of ideas to develop a specific topic.	4-W1.2 Demonstrate the ability to plan for **audience** and **purpose** and to generate drafts that use a logical progression of ideas to develop a specific topic.	5-W1.2 Demonstrate the ability to plan for **audience** and **purpose** and to generate drafts that use a logical progression of ideas to develop a specific topic.
3-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.	4-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.	5-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.
3-W1.4 Demonstrate the ability to **revise** writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration**, **conferencing**, and **self-evaluation**.	4-W1.4 Demonstrate the ability to **revise** writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration**, **conferencing**, and **self-evaluation**.	5-W1.4 Demonstrate the ability to **revise** writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration**, **conferencing**, and **self-evaluation**.

Communication Goal (C) **The student will recognize, demonstrate, and analyze the qualities of effective communication.**

Communication: Speaking

C1 The student will use speaking skills to participate in large and small groups in both formal and informal situations.

Grade Three	Grade Four	Grade Five
3-C1.1 Demonstrate the ability to face an audience, make eye contact, and use the appropriate voice level.	4-C1.1 Demonstrate the ability to face an audience, make eye contact, and use the appropriate voice level.	5-C1.1 Demonstrate the ability to face an audience, make eye contact, and use the appropriate voice level; begin using appropriate gestures, facial expressions, and posture, when making oral presentations.
3-C1.2 Demonstrate the ability to initiate a conversation.	4-C1.2 Demonstrate the ability to initiate a conversation.	5-C1.2 Demonstrate the ability to initiate a conversation.
3-C1.3 Demonstrate the ability to respond in complete sentences.	4-C1.3 Begin using language and vocabulary appropriate for the **purpose** and **audience**.	5-C1.3 Continue using language and vocabulary appropriate for the **purpose** and **audience**.
3-C1.4 Demonstrate the ability to participate in and contribute to conversations and discussions by responding appropriately.	4-C1.4 Demonstrate the ability to participate in and contribute to conversations and discussions by responding appropriately.	5-C1.4 Demonstrate the ability to participate in and contribute to conversations and discussions by responding appropriately.

Grades Six through Eight Language Arts Standards

Reading Goal (R) **The student will draw upon a variety of strategies to comprehend, interpret, analyze, and evaluate what he or she reads.**

Reading Process and Comprehension

R1 The student will integrate various cues and strategies to comprehend what he or she reads.

Grade Six	Grade Seven	Grade Eight
6-R1.1 Demonstrate the ability to read a variety of texts **fluently**.	7-R1.1 Demonstrate the ability to read a variety of texts **fluently.**	8-R1.1 Demonstrate the ability to read a variety of texts **fluently.**
6-R1.2 Demonstrate the ability read independently for extended periods of time to derive pleasure and to gain information.	7-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	8-R1.2 Demonstrate the ability read independently for extended periods of time to derive pleasure and to gain information.
6-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	7-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	8-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.

Writing Goal (W) **The student will write for different audiences and purposes.**

The Writing Process

W1 The student will apply a **process approach** to writing.

Grade Six	Grade Seven	Grade Eight
6-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.	7-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.	8-W1.1 Demonstrate the ability to choose a topic, generate ideas, and use oral and written **prewriting** strategies.
6-W1.2 Demonstrate the ability to generate drafts that use a logical progression of ideas to develop a topic for a specific **audience** and/or **purpose.**	7-W1.2 Demonstrate the ability to generate drafts that use a logical progression of ideas to develop a topic for a specific **audience** and/or **purpose.**	8-W1.2 Demonstrate the ability to generate drafts that use a logical progression of ideas to develop a topic for a specific **audience** and/or **purpose.**
6-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.	7-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.	8-W1.3 Demonstrate the ability to develop an extended response around a **central idea**, using relevant supporting details.
6-W1.4 Demonstrate the ability to **revise** writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration, conferencing,** and **self-evaluation.**	7-W1.4 Demonstrate the ability to **revise** writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration, conferencing,** and **self-evaluation.**	8-W1.4 Demonstrate the ability to revise writing for clarity, sentence variety, precise vocabulary, and effective phrasing through **collaboration, conferencing,** and **self-evaluation.**

Analysis of Texts

R2 The student will use a knowledge of the **purposes, structures,** and elements of writing to analyze and interpret various types of texts.

Grade Six	Grade Seven	Grade Eight
6-R2.1 Demonstrate the ability to analyze an author's use of **static, dynamic, round,** and **flat characters;** the structural elements of **plot; flashback** and **foreshadowing;** and **point of view** and **tone.**	7-R2.1 Demonstrate the ability to analyze an author's use of **static, dynamic, round,** and **flat characters;** the structural elements of **plot; flashback** and **foreshadowing;** and **point of view** and **tone.**	8-R2.1 Demonstrate the ability to analyze an author's use of **static, dynamic, round,** and **flat characters;** the structural elements of **plot; flashback** and **foreshadowing;** and **point of view** and **tone.**
6-R2.2 Demonstrate the ability to compare and contrast **conflict** in a variety of literary works.	7-R2.2 Demonstrate the ability to compare and contrast **conflict** in a variety of literary works.	8-R2.2 Demonstrate the ability to compare and contrast **conflict** in a variety of literary works.
6-R2.3 Demonstrate the ability to identify the speaker in a literary work and recognize the difference between **first-** and **third-person narration** and between the **omniscient** and the **limited omniscient point of view.**	7-R2.3 Demonstrate the ability to identify the speaker in a literary work and recognize the difference between **first-** and **third-person narration** and between the **omniscient** and the **limited omniscient point of view.**	8-R2.3 Demonstrate the ability to identify the speaker in a literary work and recognize the difference between **first-** and **third-person narration** and between the **omniscient** and the **limited omniscient point of view** and explain how they affect the overall **theme** of the work.
6-R2.4 Demonstrate the ability to compare and contrast **theme** in a variety of texts.	7-R2.4 Demonstrate the ability to compare and contrast **theme** in a variety of texts.	8-R2.4 Demonstrate the ability to compare and contrast **theme** in a variety of texts.

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Research Goal (RS)	The student will access and use information from a variety of appropriately selected sources to extend his or her knowledge.

Selecting a Research Topic

RS1 The student will select a topic for exploration.

Grade Six	Grade Seven	Grade Eight
6-RS1.1 Demonstrate the ability to ask questions to guide his or her research inquiry.	7-RS1.1 Demonstrate the ability to ask questions to guide his or her research inquiry.	8-RS1.1 Demonstrate the ability to ask questions to guide his or her research inquiry.
6-RS1.2 Begin asking questions to investigate all aspects of a topic, including various viewpoints regarding it.	7-RS1.2 Continue asking questions to investigate all aspects of a topic, including various viewpoints regarding it.	8-RS1.2 Demonstrate the ability to ask questions to investigate all aspects of a topic, including various viewpoints regarding it.

Gathering Information and Refining a Topic

RS2 The student will gather information from a variety of sources.

Grade Six	Grade Seven	Grade Eight
6-RS2.1 Demonstrate the ability to use a variety of resources, including technology, to access information.	7-RS2.1 Demonstrate the ability to use a variety of resources, including technology, to access information.	8-RS2.1 Demonstrate the ability to use a variety of resources, including technology, to access information.
6-RS2.2 Demonstrate the ability to document sources independently; begin documenting sources by using a standardized system of documentation.	7-RS2.2 Continue documenting sources by using a standardized system of documentation.	8-RS2.2 Demonstrate the ability to document sources by using a standardized system of documentation.

Communication Goal (C) **The student will recognize, demonstrate, and analyze the qualities of effective communication.**

Communication: Speaking

C1 The student will use speaking skills to participate in large and small groups in both formal and informal situations.

Grade Six	Grade Seven	Grade Eight
6-C1.1 Demonstrate the ability to face an audience, make eye contact, and use the appropriate voice level; continue using appropriate gestures, facial expressions, and posture when making oral presentations.	7-C1.1 Demonstrate the ability to face an audience, make eye contact, use the appropriate voice level, use appropriate gestures, facial expressions, and posture when making oral presentations.	
6-C1.2 Demonstrate the ability to use language and vocabulary appropriate for the **purpose** and **audience.**	7-C1.2 Demonstrate the ability to use language, vocabulary, and presentation techniques appropriate for the **purpose** and **audience.**	8-C1.1 Demonstrate the ability to use language, vocabulary, and presentation techniques appropriate for the **purpose** and **audience.**
6-C1.3 Demonstrate the ability to give accurate directions to others.		
6-C1.4 Demonstrate the ability to express and explain ideas orally with **fluency** and confidence.	7-C1.3 Demonstrate the ability to express and explain ideas orally with **fluency** and confidence.	8-C1.2 Demonstrate the ability to express and explain ideas orally with **fluency** and confidence.

Grade 4: U.S. Studies to 1877

I. Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
4.1.9 identify the framers of the Constitution and the roles they played in framing the Constitution; 4.1.10 describe the westward expansion of the early American pioneers to 1861; 4.1.11 discuss the key people who contributed to the westward movement; 4.1.12 discuss the development of key technological innovations and inventions throughout the world and their social and economic effects on the United States during this period; 4.1.13 name the major scientists and inventors throughout American history to 1877; 4.1.14 explain the changes in communication, transportation, agriculture and manufacturing and their effects on the United States before 1877; 4.1.15 compare and contrast the ways of life in the North and South; 4.1.16 state the causes and events leading to the Civil War; 4.1.17 identify the notable figures of the Civil War and the roles they played; 4.1.18 describe the Civil War and its effects on the nation; and 4.1.19 describe Reconstruction and its effects on the nation.	established by the Constitution embodies the purposes, values, and principles of American democracy. The student should be able to 4.4.1 describe what the U.S. Constitution is and explain why it is important, 4.4.2 express what the national government does and how it protects individual rights and promotes the common good, and 4.4.3 identify the three branches of the federal government and describe their functions. 4.5 The learner will demonstrate an understanding of the citizen's role in American democracy, including personal/civic rights and responsibilities. The student should be able to 4.5.1 discuss what it means to be a citizen, 4.5.2 explain how a person becomes a citizen of the United States, 4.5.3 identify the rights and responsibilities of individuals in a democratic society, 4.5.4 indicate character traits that enhance citizen effectiveness and promote the healthy functioning of American democracy, and 4.5.5 describe how American citizens can participate in their government to influence the decisions and actions of that government.	4.8.2 communicate how physical processes help to shape features and patterns on the Earth's surface; and 4.8.3 describe how Earth's position relative to the sun affects conditions on Earth. 4.9 The learner will demonstrate an understanding of the role of human systems in the United States. The student should be able to 4.9.1 compare the causes and effects of human migration in the United States and 4.9.2 analyze settlement patterns to explain why people settle in various areas. 4.10 The learner will demonstrate an understanding of the uses of geography. The student should be able to 4.10.1 examine how peoples' perceptions of environments have influenced human migration and settlement and 4.10.2 explain how physical and human characteristics of places influenced human migration and settlement.	4.14.2 define imports and exports and give examples of each, and 4.14.3 discuss how interdependence among nations and regions is influenced by imports and exports.

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CONTENT STANDARDS

Grade 4: U.S. Studies to 1877

I. Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
4.1 The learner will demonstrate an understanding of the major developments in the history of the United States from the earliest human settlements through Reconstruction. The student should be able to 4.1.1 describe the events in America, Europe, and Africa that led to a new world in North America; 4.1.2 compare and contrast the various Native American cultures from the time of their arrival to their encounter with Europeans; 4.1.3 trace the routes and explain the importance of early explorations of the Americas; 4.1.4 recall the reasons for the voluntary/involuntary settling of North America by Europeans and Africans; 4.1.5 compare and contrast the lives of European, African, and North American families in various regions in colonial times; 4.1.6 identify the developments, major events, and notable figures involved in the separation of the thirteen colonies from England; 4.1.7 describe the key events and effects of the American Revolution on the new country; 4.1.8 describe the development of the U.S. Constitution and explain its significance;	4.2 The learner will demonstrate an understanding of government; its origins and functions, civic life, and politics. The student should be able to 4.2.1 explain the functions of government and 4.2.2 compare and contrast the essential characteristics of limited and unlimited governments. 4.3 The learner will demonstrate an understanding of the foundations of American democracy, including its basic principles and the foundations of the American political system. The student should be able to 4.3.1 state the nation's basic democratic principles set forth in the Declaration of Independence and the U.S. Constitution, 4.3.2 relate the importance of shared values, principles and beliefs of American democracy, 4.3.3 identify historical figures who shaped the values and principles of American democracy, and 4.3.4 describe cultural contributions from various regions of the United States and how they help form a national heritage. 4.4 The learner will demonstrate an understanding of the role of the U.S. Constitution in American democracy, including the ways in which the U.S. government	4.6 The learner will demonstrate an understanding of the world in spatial terms. The student should be able to 4.6.1 explain the purposes and characteristics of geographic representations such as maps, globes, graphs, diagrams, photographs, and satellite-produced images; 4.6.2 use appropriate geographic tools and technologies such as reference works and computer-based geographic information systems; 4.6.3 display spatial information on maps and other geographic representations; 4.6.4 explain connections among places; and 4.6.5 describe the causes and consequences of spatial interaction among people. 4.7 The learner will demonstrate an understanding of places and regions. The student should be able to 4.7.1 explain the concept of region with unifying geographic characteristics and 4.7.2 compare and contrast regions. 4.8 The learner will demonstrate an understanding of the role of physical systems on Earth. The student should be able to 4.8.1 define the components of the Earth's physical systems: the atmosphere, lithosphere, hydrosphere, and biosphere;	4.11 The learner will demonstrate an understanding of markets and the role of demand and supply in determining price and resource allocation. The student should be able to 4.11.1 identify a wide range of job opportunities. 4.12 The learner will demonstrate an understanding of the sources of income and growth in a free enterprise economy. The student should be able to 4.12.1 discuss the role of the entrepreneur, 4.12.2 describe business risk, and 4.12.3 define productivity and production. 4.13 The learner will demonstrate an understanding of government in the operation of markets. The student should be able to 4.13.1 explain why the government collects taxes and 4.13.2 examine how government regulations influence the economic activities of individuals, families, communities, and regions. 4.14 The learner will demonstrate an understanding of the principles of trade and economic development. The student should be able to 4.14.1 define trade and explain its benefits,

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CONTENT STANDARDS

Grade 5: U.S. Studies 1877 to Present

I. Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
5.1 The learner will demonstrate an understanding of the way individuals, families, and communities live and work together now and in the past. The student should be able to 5.1.1 investigate how peer groups influence personal development. 5.2 The learner will demonstrate an understanding of the major developments in the United States from the end of Reconstruction through World War II. The student should be able to 5.2.1 describe the role of various ethnic and cultural groups in the western expansion of the United States; 5.2.2 summarize the treatment of the Native American nations by the U.S. government and the federal policies enacted after the Civil War; 5.2.3 explain how the rise of corporations, heavy industry, and mechanical farming—and the infrastructure that supported them—transformed the American people; 5.2.4 relate how massive immigration after 1870 affected social patterns, cultural diversity, and ideas of national unity; 5.2.5 describe the rise of the American labor movement and how it effected social and economic change;	5.4 The learner will demonstrate an understanding of government, its origins and functions, including civic life and politics. The student should be able to 5.4.1 explain representative government, the rule of law, majority rule, minority rights, and popular sovereignty. 5.5 The learner will demonstrate an understanding of the foundations of American democracy, including its basic principles and the basis of the American political system. The student should be able to 5.5.1 investigate the ways people can work together to promote the principles and ideals of American democracy, 5.5.2 describe diversity in the United States and its benefits and challenges, 5.5.3 identify historical figures who shaped values and principles of American democracy, 5.5.4 describe the cultural contributions from various regions of the United States and how they help form a national heritage, 5.5.5 discuss events that demonstrate and promote principles of American democracy, and 5.5.6 recall and analyze the most important national symbols through which American values and principles are expressed.	5.9 The learner will demonstrate an understanding of the world in spatial terms. The student should be able to 5.9.1 describe the purposes and characteristics of geographic representations such as maps, globes, graphs, diagrams, photographs, and satellite-produced images; 5.9.2 use appropriate geographic tools and technologies such as reference works and computer-based geographic information systems; 5.9.3 display spatial information on maps and other geographic representations; and 5.9.4 discuss the causes and consequences of spatial interaction among people. 5.10 The learner will demonstrate an understanding of places and regions. The student should be able to 5.10.1 identify ways in which regions change and 5.10.2 explain how people perceive places and regions differently. 5.11 The learner will demonstrate an understanding of the role of physical systems in the United States. The student should be able to 5.11.1 name the components of ecosystems; 5.11.2 explain the	5.14 The learner will demonstrate an understanding of how scarcity and choice impact economic activity. The student should be able to 5.14.1 identify positive and negative economic incentives and 5.14.2 explain the difference between natural resources, capital resources, and human resources. 5.15 The learner will demonstrate an understanding of markets and the role of demand and supply in determining price and resource allocation. The student should be able to 5.15.1 define demand and supply and explain how demand and supply function and 5.15.2 examine the major benefits and problems of competition. 5.16 The learner will demonstrate an understanding of the sources of income and growth in a free enterprise economy. The student should be able to 5.16.1 analyze the impact of entrepreneurship and 5.16.2 examine ways to increase productivity. 5.17 The learner will demonstrate an understanding of the various economic institutions vital

Grade 5: U.S. Stua... 1877 to Present

Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
5.2.6 analyze the causes of World War I and explain why the United States intervened; 5.2.7 discuss the impact at home and abroad of the United States' involvement in World War I; 5.2.8 explain the effect of the Great Depression on the United States; 5.2.9 identify structures in the nation that are a result of New Deal policies and programs; 5.2.10 analyze the causes of World War II and explain why the United States intervened; 5.2.11 explain the impact at home and abroad of the United States involvement in World War II; 5.2.12 recognize events, people, and various cultures that influenced the United States during this period; 5.2.13 discuss the development of key technological innovations and inventions throughout the world and their social and economic effects on the United States; 5.2.14 name the major scientists and inventors in America during this period; 5.2.15 summarize the changes in communication, transportation, agriculture, and	5.6 The learner will demonstrate an understanding of the role of the Constitution in American democracy, including the ways in which the U.S. government established by the Constitution embodies the purposes, values, and principles of American democracy. The student should be able to 5.6.1 compare the major responsibilities of national, state, and local government and 5.6.2 name key officials of national, state, and local government. 5.7 The learner will demonstrate an understanding of the relationship of the United States to other nations and to world affairs, including the division of the world into nations and interactions between the United States and other nations. The student should be able to 5.7.1 describe how the United States interacts with other nations through trade, diplomacy, and cultural contacts; 5.7.2 confirm that nations of the world operate under varying forms of government; and 5.7.3 identify the role of technology in the United States in world affairs.	distribution, patterns, and functioning of ecosystem; and 5.11.3 describe how humans interact with various ecosystems. 5.12 The learner will demonstrate an understanding of the role of human systems in the United States. The student should be able to 5.12.1 compare and contrast the causes and effects of human migration, 5.12.2 discuss the various patterns of culture in the United States, 5.12.3 investigate how cultures change, 5.12.4 explain why and how people compete for control of Earth's surface, and 5.12.5 use current events to analyze examples of conflict and cooperation. 5.13 The learner will demonstrate an understanding of the uses of geography. The student should be able to 5.13.1 examine how physical and human characteristics of places influence people and events over time, 5.13.2 identify ways in which physical and human characteristics of places	to a market economy. The student should be able to 5.17.1 provide examples of the basic institutions of a market economy. 5.18 The learner will demonstrate an understanding of government in the operation of markets. The student should be able to 5.18.1 identify and compare different taxes levied by local, state, and federal government and 5.18.2 explain how government regulations influence the economic activities of individuals, families, communities, and regions. 5.19 The learner will demonstrate an understanding of the national economy and economic policies. The student should be able to 5.19.1 describe unemployment and its consequences; 5.19.2 define inflation and explain how it affects the economy; 5.19.3 investigate why money is important to individuals, families, and communities; and 5.19.4 identify the major functions of a bank. 5.20 The learner will demonstrate an understanding of the principles of trade and economic

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CONTENT STA..DARDS

Grade 6: Early Cultures through 1500s

Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
1 The learner will demonstrate an understanding of the developments in civilizations from the beginning of time through the early 1500s. The student should be able to 6.1.1 describe the early civilizations of Egypt, Mesopotamia, India, China, and the Americas, including migrations, the emergence of agriculture, religion, and cultural contributions; 6.1.2 describe life in ancient Greece and Rome including the contributions of these civilizations to the modern world; 6.1.3 trace the origin and spread of the major world religions, including Hinduism, Buddhism, Judaism, Christianity, and Islam through the early 1500s; 6.1.4 describe and evaluate life in the European Middle Ages; 6.1.5 describe the major aspects of Japan's Classical Age, the middle empire in China, and the Mongol Empire in medieval Russia; 6.1.6 summarize the contributions of Middle Eastern cultures and their global impact; 6.1.7 trace the development of European nation states and monarchies through the early 1500s; 6.1.8 identify the contributions of major African empires and analyze their global impact; 6.1.9 discuss the contributions of the Italian Renaissance; and 6.1.10 describe the impact of the Reformation and religious conflict on western Europe.	6.2 The learner will demonstrate an understanding of government, its origins and functions, including civic life and politics, from early cultures through the early 1500s. The student should be able to 6.2.1 summarize the major ideas concerning the necessity and purposes of government; 6.2.2 describe and compare the civic life, politics, and governments of the early civilizations up through the early 1500s; and 6.2.3 identify and describe the emergence of various types of governments (monarchy, democracy, republic, theocracy, oligarchy, dictatorship, tyranny, etc.) that developed through the early 1500s.	6.3 The learner will demonstrate an understanding of cultural regions in spatial terms. The student should be able to 6.3.1 make and use maps, globes, graphs, charts, and models to analyze location and spatial distributions in early civilizations; 6.3.2 describe the physical characteristics including landforms, climate, and the natural resources of the early civilizations and their relationship to economic activities; 6.3.3 explain how people interacted with their physical environment to create distinctive regions; 6.3.4 describe geographic patterns and types of migration and how they affected the ecosystems, natural resources, agriculture, and the diffusion of religion, economics, and governments of early cultures; and 6.3.5 describe the role of technology development in shaping the characteristics of the regions of civilizations through the early 1500s.	6.4 The learner will demonstrate an understanding of how scarcity, choice, and the principles of trade impact on economic activities. The student should be able to 6.4.1 explain how scarcity and choice make distributing goods and services essential, 6.4.2 compare and contrast the barter system and a monetary exchange, 6.4.3 illustrate how the division of labor and specialization in communities and regions increases productivity and trade, 6.4.4 describe the impact of economic trade on the spread of the elements of civilization (language, religion, technology, government, agriculture, etc.) through the early 1500s.

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CONTENT STANDARDS

Grade 7: Contemporary World Regions

I. Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
7.1 The learner will demonstrate an understanding of the political and social developments of world regions. The student should be able to 7.1.1 explain the transformations in Asian, African, and European societies; 7.1.2 identify major social, cultural, and technological developments that emerged in world regions; 7.1.3 discuss the growth of nations and nationalism; 7.1.4 discuss the significance of the revolutionary periods; 7.1.5 describe the rise of totalitarian states; 7.1.6 analyze the causes and consequences of world conflicts; 7.1.7 examine the implications of Communism and its effects on world history; 7.1.8 examine prospects for political democracy and social justice in the world regions; and 7.1.9 analyze advancements and controversies in science and technology and discuss their implications for the world regions.	7.2 The learner will demonstrate an understanding of government, its origins and functions, including civic life and politics in world cultures. The student should be able to 7.2.1 describe the major ideas concerning the necessity and purposes of government; 7.2.2 identify how the world is organized politically into nations and states; 7.2.3 explain how nation-states interact with each other; 7.2.4 describe how the United States influences other nations and how other nations influence American society and politics; 7.2.5 describe the influence of American political ideas on other nations and regions; 7.2.6 explain the essential characteristics of limited and unlimited governments; 7.2.7 explain how the purposes and uses of a constitution form a relationship between a people and their government; 7.2.8 compare and contrast shared powers and parliamentary systems as means of organizing constitutional governments; and 7.2.9 define and distinguish among confederal, federal, and unitary systems of government.	7.3 The learner will demonstrate an understanding of world culture regions. The student should be able to 7.3.1 make and use maps, globes, graphs, charts, and models to describe and analyze the location and spatial distribution of people, places, and environments on a global scale and in the principal world culture regions; 7.3.2 describe the physical characteristics of each world culture region and explain the processes that shape the patterns in the physical environment; 7.3.3 explain the spatial patterns and linkages between physical characteristics, including ecosystems and biodiversity, in the cultural regions; 7.3.4 describe the population growth, size, density, and distribution in each world culture region and linkages to global population issues; 7.3.5 identify and compare the cultural characteristics of each world region; 7.3.6 explain how humans adapt to the physical environment of each world region and how the physical environment limits and defines human activity;	7.4 The learner will demonstrate an understanding of how scarcity, choice, and markets impact economic activity. The student should be able to 7.4.1 explain how scarcity and choice impact the development of less-developed communities and regions; 7.4.2 explain how the factors of production (natural resources, human resources, capital, and entrepreneurship) combine in the production process; 7.4.3 describe the roles of supply and demand as they relate to the needs and wants of consumers and markets; and 7.4.4 describe the relationship among competition, price, and production between buyers and sellers. 7.5 The learner will demonstrate an understanding of national economies and economic policies. The student should be able to 7.5.1 define gross domestic product and per capita gross domestic product in world regions, 7.5.2 describe how government spending and taxes affect economic activities around the world, 7.5.3 explain how governments raise revenue and state examples of economic goods and services that

CONTENT STANDARDS

Grade 8: U.S. and South Carolina Studies

Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
1 The learner will demonstrate an understanding of history of South Carolina and the United States from the earliest human settlements through Populism (ca. 1900). The student should be able to 8.1.1 discuss the nature, challenges, and contributions of African-American communities and Native American culture; women and their role in society; and other ethic and religious groups and 8.1.2 identify cultural expressions of life in South Carolina and the United States during this period. 2 The learner will demonstrate an understanding of the major developments in the history of South Carolina and the United States from Exploration through the Revolutionary War. The student should be able to 8.2.1 explain the influence of physical geography on South Carolina history; 8.2.2 describe life in the Americas before the arrival of Europeans and Africans and the consequences of first contact; 8.2.3 compare and contrast early European settlements in South Carolina and the American colonies, including political, economic, and social institutions; 8.2.4 explain ways in which South Carolina and other colonies addressed the labor shortage, including slavery; 8.2.5 describe the political and social divergence of South Carolinians and other Anglo-American colonists from	8.6 The learner will demonstrate an understanding of the foundations of American democracy, including its basic principles and the foundations of the American political system. The student should be able to 8.6.1 compare and contrast the central ideas of South Carolina and United States constitutional governments; 8.6.2 identify and explain historical, geographic, social, and economic factors that have helped shape American democracy; 8.6.3 summarize the importance of shared political values and principles to American democracy; 8.6.4 explain how political parties and other associations and groups provide opportunities for participation in the political process; and 8.6.5 describe how public policy is formed and carried out at the local, state, and national levels. 8.7 The learner will demonstrate an understanding of the role of the citizen in American democracy, including personal and civic rights and responsibilities. The student should be able to	8.8 The learner will demonstrate an understanding of South Carolina and the United States in spatial terms. The student should be able to 8.8.1 make and use maps, globes, graphs, charts, and models to illustrate and analyze location and spatial distributions of physical and cultural features in South Carolina and the United States; 8.8.2 describe and locate physical characteristics such as landforms, drainage patterns, climate regions, and the natural resources in South Carolina and the United States; 8.8.3 explain how people interacted with their physical environment to create distinctive regions in South Carolina and the United States; 8.8.4 describe the geographic patterns and types of migrations as they affect ecosystems and natural resources, settlement, economic development, and population change in South Carolina and the United States; and 8.8.5 describe the role of technology development in shaping the	8.9 The learner will demonstrate an understanding of the sources of income and growth in a free enterprise economy in the context of South Carolina and United States studies. The student should be able to 8.9.1 describe division of labor, 8.9.2 explain how free enterprise provides the goods and services consumers want, 8.9.3 explain how income is derived from the products of labor, and 8.9.4 compare different production methods and illustrate how productivity is affected by technological change. 8.10 The learner will demonstrate an understanding of the various economic institutions vital to a market economy in South Carolina and the United States. The student should be able to 8.10.1 provide examples of the basic institutions of capitalism: private property, free enterprise, competition, and profit; 8.10.2 explain the borrowing and lending functions of banks; and 8.10.3 explain collective

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Grade 8: U.S. and South Carolina Studies

I. Time, Continuity, and Change: History	II. Power, Authority, & Governance: Government/Political Science	III. People, Places, and Environments: Geography	IV. Production, Distribution, and Consumption: Economics
England; and 8.2.5 Examine the causes and course of the American Revolution and the contributions of South Carolinians. 8.3 The learner will demonstrate an understanding of the major developments in the history of South Carolina and the United States from birth of the nation up to the Civil War. The student should be able to 8.3.1 discuss the antecedents to the Constitution, the Constitutional Convention, and arguments over ratification; 8.3.2 identify the major domestic and foreign issues of the early presidential administrations through the War of 1812; 8.3.3 describe political developments and key figures from the Era of Good Feelings through the Antebellum Period; 8.3.4 discuss the development of nationalism at home and in foreign affairs; 8.3.5 describe the revolutions in energy, manufacturing, and transportation and their spatial distribution; 8.3.6 compare and contrast the Northern industrial system with the Southern agrarian society; 8.3.7 discuss the various reform movements prior to the Civil War; 8.3.8 describe the emergence of an American culture and literature; 8.3.9 discuss westward expansion and the sectional tensions that developed, including the rising opposition to slavery; and 8.3.10 describe U.S. relations with Native Americans, including Indian removal.	8.7.1 explain the meaning of citizenship in the United States and describe how one becomes a citizen; 8.7.2 differentiate between personal, political, and economic rights; 8.7.3 explain the importance of personal responsibilities and civic responsibilities in the operation of a democracy; 8.7.4 identify the factors that enhance the effectiveness of citizens and promote the functioning of American constitutional democracy; 8.7.5 describe the means by which Americans can monitor and influence politics and governments; 8.7.6 justify the importance of political leadership and public service in a constitutional democracy; and 8.7.7 explain the struggles for equity in the political arena that affected African Americans, women, and other ethnic and religious groups.	characteristics of economic, cultural, and political regions in South Carolina and the United States.	bargaining and the role of labor unions nationally. 8.11 The learner will demonstrate an understanding of the state and national economy and economic policies. The student should be able to 8.11.1 describe inflation and recession and their effects on the value of money; 8.11.2 describe the effect of budgetary and monetary policies on the economy; and 8.11.3 identify the principal sources of income and expenditures of federal, state, and local government.

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Grade 4

I. Inquiry

Process skills and inquiries are not an isolated unit of instruction and should be embedded throughout the content areas. Safety issues should be addressed as developmentally appropriate.

A. Process Skills

1. Observe
   a. Use the senses and simple tools to gather information about objects or events such as size, shape, color, texture, sound, position, and change (qualitative observations).

2. Classify
   a. Compare, sort, and group concrete objects according to two attributes.
   b. Arrange objects in sequential order.

3. Measure
   a. Use standard (U.S. customary and metric) to estimate and measure mass, length, area, perimeter, volume, and temperature to the nearest whole unit (quantitative observations).

4. Communicate
   a. Use drawings, tables, graphs, written and oral language to describe objects and explain ideas and actions.

5. Infer
   a. Explain or interpret an observation based on data and prior knowledge.
   b. Discriminate between observations and inferences.

6. Predict
   a. Use prior knowledge and observations to identify and explain in advance what will happen.
   b. Discriminate between inferences and predictions.

B. Inquiry

1. Plan and conduct a simple investigation.
   a. Ask a question about objects, organisms, and events in the environment.
   b. Plan and conduct a simple investigation that represents a fair test.
   c. Select and use appropriate equipment and tools to gather data and extend the senses.

Key: H=History of Science, N=Nature of Science, P=Science in Social and Personal Perspectives, T=Technology — major categories of the National Science Education Standards that have been integrated in content areas.

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ons, collecting and interpreting data, and drawing tentative conclusions through the use of active learning strategies.

d. Use data to construct a reasonable explanation.
e. Communicate investigations and explanations.

II. Life Science

Unit of Study: Organisms and Their Environment

A. Characteristics of Organisms

1. **Organisms have basic needs and can survive only in environments in which their needs can be met. The world has many different environments, and distinct environments support the life of different types of organisms.**
   a. Identify the characteristics of different environments, such as forests, wetlands, grasslands, deserts, and in polar, temperate, and tropical regions.
   b. Describe the diversity of life forms (vertebrate and invertebrate animals and plants) supported by each environment.
   c. Investigate the relationships between the basic needs of different organisms and whether or not a particular environment meets those needs.

2. **Organisms have senses that help them detect internal and external cues.**
   a. Analyze specific behaviors influenced by internal cues (e. g., hunger and thirst).
   b. Analyze specific behaviors influenced by external cues in the environment (e. g., temperature, light, and precipitation).
   c. Describe how animal sensory organs (including human eye and ear) detect external cues. (P)

3. **Many characteristics of an organism are inherited from the parents of the organism, but other characteristics result from an individual's interactions with the environment.**
   a. Identify and describe characteristics and behaviors that are inherited (e.g., color of flowers and animal instincts).
   b. Identify and describe characteristics and learned behaviors that enable organisms to survive in their environment (e.g., bear learning to fish).
   c. Distinguish major groups of organisms based on significant characteristics (e.g., body covering, number of legs, body parts, type of skeleton).

Key: H=History of Science, N=Nature of Science, P=Science in Social and Personal Perspectives, T=Technology – major categories of the National Science Education Standards that have been integrated in content areas.

inferences, collecting and interpreting data, and drawing tentative clusions through the use of active learning strategies.

B. Organisms and Their Environments

1. An organism's patterns of behavior are related to the nature of that organism's environment, including the kinds and the numbers of other organisms present, the availability of food and resources, and the physical characteristics of the environment.
   a. Describe how animals behave and interact within groups (e.g., schools, flocks, packs, hives, and herds).
   b. Describe how animals behave and interact within their environment (living and nonliving).

2. All organisms cause changes in the environment where they live.
   a. Describe how organisms may benefit their environment (e.g., earthworms improve the quality of soil, birds disperse seeds).
   b. Describe how organisms may harm their environment (e.g., locusts destroy crops, red tides reduce oxygen levels in the ocean).

3. Humans change environments in ways that can be either beneficial or detrimental for themselves and other organisms.
   a. Describe changes in the environment caused by humans. (H)
   b. Infer the impact of agricultural technology (e.g., air/land/ water pollution and improved crop yield) on society and the environment. (T)
   c. Infer the impact of industrial technologies (e.g., air/land/water pollution and improved standard of living) on society and the environment. (T)
   d. Relate how human population growth changes the environment. (P)

III. Earth Science

Units of Study: Sky Patterns
Weather and Climate

A. Objects in the Sky

1. The sun, moon, and stars and planets, asteroids and comets all have properties, locations, and movements that can be observed and described.
   a. State that the sun produces its own light, while the moon reflects light from the sun.
   b. Describe the positional relationship between the Earth and the moon and their positional relationship to the sun.
   c. Observe and record phase changes of the moon over time.

Key: H=History of Science, N=Nature of Science, P=Science in Social and Personal Perspectives, T=Technology — major categories of the National Science Education Standards that have been integrated in content areas.

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I. Inquiry

Process skills and inquiries are not an isolated unit of instruction and should be embedded throughout the content areas. Safety issues should be addressed as developmentally appropriate.

A. Process Skills

1. **Observe**
   a. Use the senses and simple tools to gather information about objects or events such as size, shape, color, texture, sound, position, and change (qualitative observations).

2. **Classify**
   a. Compare, sort, and group concrete objects according to two attributes.
   b. Arrange objects in sequential order.

3. **Measure**
   a. Use standard (U.S. customary and metric) to estimate and measure mass, length, area, perimeter, volume, and temperature to the nearest whole unit (quantitative observations).

4. **Communicate**
   a. Use drawings, tables, graphs, written and oral language to describe objects and explain ideas and actions.

5. **Infer**
   a. Explain or interpret an observation based on data and prior knowledge.
   b. Discriminate between observations and inferences.

6. **Predict**
   a. Use prior knowledge and observations to identify and explain in advance what will happen.
   b. Discriminate between inferences and predictions.

7. **Hypothesize**
   a. Devise a statement of assumption, based on observations, experiences, and research, that can be supported or refuted through experimentation.

To investigate is defined as an opportunity for students to explore questions and develop content knowledge by making observations, inferences, collecting and interpreting data, and drawing tentative conclusions through the use of active learning strategies.

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8. Define variables
   a. Identify independent (manipulated), dependent (responding), and controlled variables in an experiment.

B. Inquiry

1. Plan and conduct a simple investigation.
   a. Identify questions that can be answered through scientific investigations.
   b. Design and conduct a scientific investigation.
   c. Use appropriate tools and techniques to gather, analyze, and interpret data.
   d. Develop descriptions, explanations, predictions, and models using evidence.
   e. Use mathematical thinking in all aspects of scientific inquiry.
   f. Communicate outcomes and explanations.

C. Abilities Necessary to Do Technological Design

1. Identify appropriate problems for technological design.
   a. Identify a specific need for a product.
   b. Determine whether the product will meet that identified need.

2. Design a solution or product.
   a. Compare and contrast different proposals using selected criteria (e.g., cost, time, trade-off, and materials needed).
   b. Communicate ideas with drawings and simple models.

II. Life Science

Units of Study: Cells and Systems
Ecosystems (Aquatic/Terrestrial)

A. Structure and Function in Living Systems

1. All organisms are composed of cells, the fundamental unit of life. Most organisms are single cells. Other organisms, including humans, are multicellular.
   a. Recognize that animals and plants are made of cells.
   b. Observe, identify, and distinguish among plant and animal cell parts: nucleus, cytoplasm, vacuole, cell membrane, cell wall and chloroplasts.

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Science instruction should engage students in active learning strategies.

2. **The human organism has systems for respiration and circulation. These systems interact with each other.**
   a. Label the parts and distinguish among the functions of the major organs of the respiratory system, including nose/mouth, larynx, trachea, bronchi, alveoli, lungs, diaphragm.
   b. Label the parts and distinguish among the function of the major organs of the circulatory system including heart, arteries, veins, capillaries, and blood cells.
   c. Describe how the respiratory and circulatory systems work together to carry gases to and from the body.

3. **Disease is a breakdown in structures or functions of an organism. Some diseases are the result of intrinsic failures of the system (respiratory and circulatory).**
   a. Identify common diseases associated with the respiratory system caused by viruses (such as colds, influenza), diseases caused by bacteria (such as pneumonia, and tuberculosis), and diseases caused by substances such as tobacco. (P)
   b. Identify common intrinsic diseases and disorders associated with the respiratory system such as asthma and with the circulatory system such as leukemia, sickle cell, and heart disease.

B. Populations and Ecosystems

1. **A population consists of all individuals of a species that occur together at a given place and time. All populations live together and the physical factors with which they interact compose an ecosystem.**
   a. Define a population.
   b. Investigate and understand how plants and animals in aquatic/terrestrial ecosystems interact with one another and with the nonliving environment.

2. **Populations of organisms can be categorized by the function they serve in an ecosystem. Plants and some microorganisms are producers--they make their own food. All animals, including humans, are consumers, which obtain food by eating other organisms. Decomposers, primarily bacteria and fungi, are consumers that use waste materials and dead organisms for food.**
   a. Distinguish among the roles organisms serve in a food web (producers, decomposers, consumers, prey and predators).
   b. Describe an organism by its niche in an ecosystem.

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3. For ecosystems, the major source of energy is sunlight. Energy entering ecosystems as sunlight is used by producers through photosynthesis.
   a. Recognize that energy passes from organism to organism in food webs.
   b. Diagram how energy flows through food webs.

4. The number of organisms an ecosystem can support depends on the resources available.
   a. Identify and investigate the abiotic factors in an ecosystem such as quantity of light, air, and water; range of temperature; salinity, water pressure; and soil composition.
   b. Identify and investigate the biotic factors in an ecosystem.
   c. Describe the effect of limiting factors such as food, water, space, and shelter, on a population.
   d. Evaluate the impact of the environment on populations of organisms.
   e. Draw conclusions about the influence of human activity on ecosystems. (P)
   f. Discuss ways to minimize the negative impact of technology/industralization on ecosystems and to maximize the positive impact. (T)
   g. Explore and identify career opportunities in natural resource/ environmental/marine science. (P)

III. Earth Science

Unit of Study: Changes in the Earth's Surface: Landforms and Oceans

A. Structure of the Earth System

1. Land forms are the result of a combination of constructive and destructive forces.
   a. Define constructive forces, which include crustal deformation (folding and faulting), volcanic eruptions and deposition of sediment.
   b. Describe how landforms are created as a result of constructive forces.
   c. Locate and describe the characteristics of South Carolina landform regions such as Blue Ridge, Piedmont, Sandhills, Coastal Plains, and Coastal Zone.
   d. Model how constructive forces change the surface of the Earth.
   e. Define destructive forces, which include weathering and erosion.
   f. Describe how landforms change as a result of destructive forces.
   g. Model how destructive forces change the surface of the Earth.
   h. Investigate and describe how the Earth's surface is constantly changing by weathering, erosion, deposition and human impact. (P)

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I. Inquiry

A. Abilities Necessary to do Scientific Inquiry

1. Identify process skills that can be used in scientific investigations.

a. Observe
   1. Observe patterns of objects and events.
   2. Distinguish between qualitative and quantitative observations.

b. Classify
   1. Arrange data in sequential order.
   2. Use scientific (e.g., field guides, charts, periodic tables, etc.) and dichotomous keys for classification.

c. Measure
   1. Select and use appropriate tools (e.g., metric ruler, graduated cylinder, thermometer, balances, spring scales, stopwatches) and units (e.g., meter, liter, Celsius, gram, Newton, second) to measure to the unit required in a particular situation.
   2. Select and use appropriate metric prefixes to include milli-, centi-, and kilo-.

d. Infer
   1. Make inferences based on observations.

e. Predict
   1. Predict the results of actions based on patterns in data and experiences.

2. Design and conduct a scientific investigation.

a. Recognize potential hazards within a scientific investigation and practice appropriate safety procedures.
b. Pose questions and problems to be investigated.
c. Obtain scientific information from a variety of sources (such as Internet, electronic encyclopedias, journals, community resources, etc.).
d. Distinguish and operationally define independent (manipulated) and dependent (responding) variables.
e. Manipulate one variable over time with repeated trials and controlled conditions.

f. Collect and record data using appropriate metric measurements.
g. Organize data in tables and graphs.
h. Analyze data to construct explanations and draw conclusions.

3. **Use appropriate tools and techniques to gather, analyze, and interpret data**

   a. Select and use appropriate tools and technology (such as calculators, computers, probes, thermometers, balances, spring scales, microscopes, binoculars, and hand lenses) to perform tests, collect data, and display data.
   b. Analyze and interpret data using computer hardware and software designed for these purposes.

4. **Develop descriptions, explanations, predictions, and models using evidence.**

   a. Discriminate among observations, inferences, and predictions.
   b. Construct and/or use models to carry out/support scientific investigations.

5. **Think critically and logically to make relationships between evidence and explanations.**

   a. Review and summarize data to show cause-effect relationships in experiments.
   b. State explanations in terms of independent (manipulated) and dependent (responding) variables.
   c. State hypotheses in ways that include the independent (manipulated) and dependent (responding) variables.

6. **Recognize and analyze alternative explanations and predictions.**

   a. Analyze different ideas and explanations to consider alternative ideas.
   b. Accept the skepticism of others as part of the scientific process. (N)

7. **Communicate scientific procedures and explanations.**

   a. Use drawings and written and oral expression to communicate information.
   b. Create drawings, diagrams, charts, tables and graphs to communicate data.

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c. Interpret and describe patterns of data on drawings, diagrams, charts, tables, graphs, and maps.
d. Create and/or use scientific models to communicate information.

8. Use mathematics in all aspects of scientific inquiry.

a. Use mathematics to gather, organize and present data.
b. Use mathematics to structure convincing explanations.

B. Abilities Necessary to Do Technological Design

1. Identify appropriate problems for technological design.

a. Identify a specific need for a product.
b. Determine whether the product will meet the identified need.

2. Design a solution or product.

a. Compare and contrast different proposals using selected criteria (e.g., cost, time, trade-off, and materials needed).
b. Communicate ideas with drawings and simple models.

3. Implement a proposed design.

a. Select suitable tools and techniques to ensure adequate accuracy.
b. Organize materials, devise a plan and work collaboratively where appropriate.

4. Evaluate completed technological designs or products.

a. Measure the quality of the product based on the original purpose or need and the degree to which it meets the needs of the users.
b. Suggest improvements and try proposed modifications to the design.

5. Communicate the process of technological design.

a. Identify the four stages of problem solving: problem identification, solution design, implementation, and evaluation.

a inferences, collecting and interpreting data, and drawing tentative ...clusions through the use of active learning strategies. ...ness — ...making observations

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I. Inquiry

A. Abilities Necessary to do Scientific Inquiry

1. Identify process skills that can be used in scientific investigations.

   a. Observe
      1. Observe patterns of objects and events.
      2. Distinguish between qualitative and quantitative observations.

   b. Classify
      1. Arrange data in sequential order.
      2. Use scientific (e.g., field guides, charts, periodic tables, etc.) and dichotomous keys for classification.

   c. Measure
      1. Select and use appropriate tools (e.g., metric ruler, graduated cylinder, thermometer, balances, spring scales, stopwatches) and units (e.g., meter, liter, Celsius, gram, Newton, second) to measure to the unit required in a particular situation.
      2. Select and use appropriate metric prefixes to include milli-, centi-, and kilo-.

   d. Infer
      1. Make inferences based on observations.

   e. Predict
      1. Predict the results of actions based on patterns in data and experiences.

2. Design and conduct a scientific investigation.

   a. Recognize potential hazards within a scientific investigation and practice appropriate safety procedures.
   b. Pose questions and problems to be investigated.
   c. Obtain scientific information from a variety of sources (such as Internet, electronic encyclopedias, journals, community resources, etc.).
   d. Distinguish and operationally define independent (manipulated) and dependent (responding) variables.
   e. Manipulate one variable over time with repeated trials and controlled conditions.
   f. Collect and record data using appropriate metric measurements.

Key: H=History of Science, N=Nature of Science, P=Science in Social and Personal Perspectives, T=Technology – major categories of the National Science Education Standards that have been integrated in content areas.

g. Organize data in tables and graphs.
h. Analyze data to construct explanations and draw conclusions.

3. **Use appropriate tools and techniques to gather, analyze, and interpret data.**

a. Select and use appropriate tools and technology (such as calculators, computers, probes, thermometers, balances, spring scales, microscopes, binoculars, and hand lenses) to perform tests, collect data, and display data.
b. Analyze and interpret data using computer hardware and software designed for these purposes.

4. **Develop descriptions, explanations, predictions, and models using evidence.**

a. Discriminate among observations, inferences, and predictions.
b. Construct and/or use models to carry out/support scientific investigations.

5. **Think critically and logically to make relationships between evidence and explanations.**

a. Review and summarize data to show cause-effect relationships in experiments.
b. State explanations in terms of independent (manipulated) and dependent (responding) variables.
c. State hypotheses in ways that include the independent (manipulated) and dependent (responding) variables.

6. **Recognize and analyze alternative explanations and predictions.**

a. Analyze different ideas and explanations to consider alternative ideas.
b. Accept the skepticism of others as part of the scientific process.

7. **Communicate scientific procedures and explanations.**

a. Use drawings, written and oral expression to communicate information.
b. Create drawings, diagrams, charts, tables, and graphs to communicate data.
c. Interpret and describe patterns of data on drawings, diagrams, charts, tables, graphs, and maps.
d. Create and/or use scientific models to communicate information.

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8. **Use mathematics in all aspects of scientific inquiry.**

   a. Use mathematics to gather, organize, and present data.
   b. Use mathematics to structure convincing explanations.

B. **Abilities Necessary to Do Technological Design**

1. **Identify appropriate problems for technological design.**

   a. Identify a specific need for a product.
   b. Determine whether the product will meet the specified need.

2. **Design a solution or product.**

   a. Compare and contrast different proposals using selected criteria (e.g., cost, time, trade-off, materials needed).
   b. Communicate ideas with drawings and simple models.

3. **Implement a proposed design.**

   a. Select suitable tools and techniques to ensure adequate accuracy.
   b. Organize materials, devise a plan, and work collaboratively where appropriate.

4. **Evaluate completed technological designs or products.**

   a. Measure the quality of the product based on the original purpose or need and the degree to which it meets the needs of the users.
   b. Suggest improvements and try proposed modifications to the design.

5. **Communicate the process of technological design.**

   a. Identify the four stages of problem solving: problem identification, solution design, implementation, and evaluation.

C. **Understandings about Science and Technology**

1. **Scientific inquiry and technological design have similarities and differences.**

   a. Compare and contrast scientific inquiry and technological design.

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I. Inquiry

A. Abilities Necessary to do Scientific Inquiry

1. Identify process skills that can be used in scientific investigations.

a. Observe
   1. Observe patterns of objects and events.
   2. Distinguish between qualitative and quantitative observations.

b. Classify
   1. Arrange data in sequential order.
   2. Use scientific (e.g., field guides, charts, periodic tables, etc.) and dichotomous keys for classification.

c. Measure
   1. Select and use appropriate tools (e.g., metric ruler, graduated cylinder, thermometer, balances, spring scales, and stopwatches) and units (e.g., meter, liter, Celsius, gram, Newton, and second) to measure to the unit required in a particular situation.
   2. Select and use appropriate metric prefixes to include milli-, centi-, and kilo-.

d. Infer
   1. Make inferences based on observations.

e. Predict
   1. Predict the results of actions based on patterns in data and experiences.

2. Design and conduct a scientific investigation.

a. Recognize potential hazards within a scientific investigation and practice appropriate safety procedures.
b. Pose questions and problems to be investigated.
c. Obtain scientific information from a variety of sources (such as Internet, electronic encyclopedias, journals, community resources, etc.).
d. Distinguish and operationally define independent (manipulated) and dependent (responding) variables.
e. Manipulate one variable over time with repeated trials and controlled conditions.
f. Collect and record data using appropriate metric measurements.

and inferences, collecting and interpreting data, and drawing tentative conclusions through the use of active learning strategies.

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g. Organize data in tables and graphs.
h. Analyze data to construct explanations and draw conclusions.

3. **Use appropriate tools and techniques to gather, analyze, and interpret data.**

   a. Select and use appropriate tools and technology (such as calculators, computers, probes, thermometers, balances, spring scales, microscopes, binoculars, and hand lenses) to perform tests, collect data, and display data.
   b. Analyze and interpret data using computer hardware and software designed for these purposes.

4. **Develop descriptions, explanations, predictions, and models using evidence.**

   a. Discriminate among observations, inferences, and predictions.
   b. Construct and/or use models to carry out/support scientific investigations.

5. **Think critically and logically to make relationships between evidence and explanations.**

   a. Review and summarize data to show cause-effect relationships in experiments.
   b. State explanations in terms of independent (manipulated) and dependent (responding) variables.
   c. State hypotheses in ways that include the independent (manipulated) and dependent (responding) variables.

6. **Recognize and analyze alternative explanations and predictions.**

7. **Communicate scientific procedures and explanations.**

   a. Use drawings, written and oral expression to communicate information.
   b. Create drawings, diagrams, charts, tables, and graphs to communicate data.
   c. Interpret and describe patterns of data on drawings, diagrams, charts, tables, graphs, and maps.
   d. Create and/or use scientific models to communicate information.

8. **Use mathematics in all aspects of scientific inquiry.**

and inferences, connecting and interpreting data, and drawing ... conclusions through the use of active learning strategies.

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a. Use mathematics to gather, organize, and present data.
b. Use mathematics to structure convincing explanations.

B. Understandings about Scientific Inquiry

1. Different kinds of questions suggest different kinds of scientific investigations.

a. Relate how the kind of question being asked directs the type of investigation conducted (e.g., observing and describing, collecting, experimenting, surveying, inventing, and making models).

2. Current scientific knowledge and understanding guide scientific investigations.

3. Mathematics is important in all aspects of scientific inquiry.

4. Technology used to gather data enhances accuracy and allows scientists to analyze and quantify results.

a. Compare and contrast the quality of data collected with and without technological devices.

5. Scientific explanations emphasize evidence, have logically consistent arguments and use scientific principles, models and theories.

a. Discuss how scientific knowledge advances when new scientific explanations displace previously accepted knowledge.

6. Science advances through legitimate skepticism.

7. Scientific investigations sometimes result in new ideas and phenomena for study.

C. Abilities Necessary to Do Technological Design

1. Identify appropriate problems for technological design.

a. Identify a specific need for a product.
b. Determine whether the product will meet the needs and be used.

and inferences, collecting and interpreting data, and drawing tent conclusions through the use of active learning strategies.

Key: H=History of Science, N=Nature of Science, P=Science in Social and Personal Perspectives, T=Technology -- major categories of the National Science Education Standards that have been integrated in content areas.

2. **Design a solution or product.**

   a. Compare and contrast different proposals using selected criteria (e.g., cost, time, trade-off, and materials needed).
   b. Communicate ideas with drawings and simple models.

3. **Implement a proposed design.**

   a. Select suitable tools and techniques to ensure adequate accuracy.
   b. Organize materials, devise a plan, and work collaboratively where appropriate.

4. **Evaluate completed technological designs or products.**

   a. Measure the quality of the product based on the original purpose or need and the degree to which it meets the needs of the users.
   b. Suggest improvements and try proposed modifications to the design.

5. **Communicate the process of technological design.**

   a. Identify the four stages of problemsolving: problem identification, solution design, implementation, and evaluation.

D. **Understandings about Science and Technology**

1. **Scientific inquiry and technological design have similarities and differences.**

   a. Compare and contrast scientific inquiry and technological design.

2. **Many different people in different cultures have made and continue to make contributions to science and technology.**

   a. Describe examples of contributions people have made to science and technology. (H, N)

3. **Science and technology are reciprocal.**

   a. Explain how science and technology are essential to each other. (T)

4. **Perfectly designed solutions do not exist.**

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ATTACHMENT 2

A Sample Outline of State Correlated Guidelines and a Pace Scale for Grades 4-8

4TH GRADE
SCIENCE CURRICULUM

Suggested Pacing:
1st Nine Weeks: Life Science
2nd Nine Weeks: Weather (start) & Physical Science
3rd Nine Weeks: Astronomy
4th Nine Weeks: Weather, and Review for PACT

Benchmark Testing will be administered at the end of each nine weeks. Students should keep a science journal. Students will record their ideas, observations and questions in this journal daily.

Suggested Field Trip Opportunities:
- Lee County Natural Park: An outdoor classroom great for life/earth science.
- Discovery Place: You can plan a trip to include classes related to earth, life and/or physical science.
- Knowitall.org in Nature Scene: You can take virtual field trips.

II. Life Science

Units of Study: Organisms and their Environment
A. Characteristics of Organisms
B. Organisms and their Environment

Unit Overview:
The life science unit focus on learning about organisms and their environment. Students discover how energy is produced in ecosystems and how organisms survive in their environments. Students describe the living and nonliving parts of an ecosystem. Finally, students also discover what adaptations and behaviors help animals and plants survive in a changing environment.

Assessment:
Monitoring student progress will involve on-going formal and informal teacher assessment, journal writings, end of unit assessment, performance assessment and benchmark tests. Teachers should assess through observation of inquiry skills, science journal ended-ended and short answer test items and the process of carrying out independent experiments. Students should be assessed during independent as well as group activities.

Resources:
Scott Foresman Textbook and teaching resources for Unit A, Scott Foresman Activity Videos, lab materials and the Internet. Resources not found in the Teacher's Editions and supplementary texts will be included in the back of the curriculum guide.

Teacher Notes:
Recommended time is 5 weeks on the characteristics of organisms unit and 4 weeks on the organisms and their environment unit.

UNIT: IIA CHARACTERISTICS OF ORGANISMS NATIONAL STANDARD: ORGANISMS HAVE BASIC NEEDS AND CAN SURVIVE IN ENVIRONMENTS IN WHICH THEIR CAN BE MET. THE WORLD HAS MANY DIFFERENT ENVIRONMENTS, AND DISTINCT ENVIRONMENTS SUPPOR' I OF DIFFERENT TYPES OF ORGANISMS.			
SC STANDARD	FOCUS QUESTION	SUGGESTED ACTIVITIES/PROCEDURES/ASSESSMENTS	RESOURCES
IIA1a: Identify the characteristics of different environments, such asforests, wetlands, grasslands, deserts, and in polar,temperate, and tropical regions.*See pacing guide for biome websites.*	What is an ecosystem? What are the characteristics (temperature, rainfall, soils and etc.) of the different environments/ecosystems?	Introduce the lesson with the Inquiry activity on page A68. Introduce chapter vocabulary. Read and discuss "What is an Ecosystem?" on pp.A68-A71. Divide the students into groups of 2 or 3 and have them complete the activity "Plan a trip to a habitat," or "Habitat Hunt." Finally, have students complete a chart comparing Earth's biomes. Read and discuss pp. 10-11 in SCC Book.	Text pp. A68-A71, SCC 10-11, Biome Websites and charts, Text Page A63d
IIA1b: Describe the diversity of life forms (vertebrate and invertebrate animals and plants) supported by each environment.	What types of animals (vertebrates and invertebrates) live in each type of ecosystem/environment? What types of plants live in each type of environment? Which animals and plants survive in each habitat?	Introduce the lesson with text pages A38-A39. Discuss invertebrates. Complete investigation activity on pp. A44-A45. Read and discuss pp. A46-A53 on vertebrates. Give notes using "Animals: Vertebrates and Invertebrates" information sheet. (See pacing guide for sheet) Finally, have students complete concept maps on vertebrates and invertebrates.	Text pp. A38-45, "Animals Vertebrates and Invertebrates" information sheet, Concept Maps

UNIT: IIA CHARACTERISTICS OF ORGANISMS NATIONAL STANDARD: ORGANISMS HAVE BASIC NEEDS AND CAN SURVIVE IN ENVIRONMENTS IN WHICH THEIR NEEDS CAN BE MET. THE WORLD HAS MANY DIFFERENT ENVIRONMENTS, AND DISTINCT ENVIRONMENTS SUPPORT THE LIFE OF DIFFERENT TYPES OF ORGANISMS.				
SC STANDARD	FOCUS QUESTION	SUGGESTED ACTIVITIES/PROCEDURES/ASSESSMENTS	RESOURCES	DAYS OR WEEKS
IIA1c: Investigate the relationships between the basic needs of different organisms and whether or not a particular environment meets those needs.	How do plants and animals depend on their environment? What happens when the environment does not meet the needs of the plant or animal (e.g. lack of rain, pollution or overcrowding)?	Revisit the different ecosystems. Discuss each ecosystem's environment, and determine if they would meet the basic needs of different organisms.	Characteristics of Earth's Ecosystems Information Sheets, (2 pages in pacing guide resource book)	Days 8-11

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Grade Five Language Arts Standards Pacing Guide

Reading Goal (R) **The student will draw upon a variety of strategies to comprehend, interpret, analyze, and evaluate what he or she reads.**

Reading Process and Comprehension

R1 The student will integrate various cues and strategies to comprehend what he or she reads.

1st Nine Weeks	2nd Nine Weeks	3rd Nine Weeks	4th Nine Weeks
5-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning and to read fluently.	5-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning and to read fluently.	5-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning and to read fluently.	5-R1.1 Demonstrate the ability to use a variety of strategies to derive meaning and to read fluently.
5-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	5-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	5-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.	5-R1.2 Demonstrate the ability to read independently for extended periods of time to derive pleasure and to gain information.
5-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	5-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	5-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.	5-R1.3 Demonstrate the ability to make connections between a text read independently and his or her prior knowledge, other texts, and the world.
	5-R1.4 Demonstrate the ability to **summarize** and **paraphrase** texts.	5-R1.4 Demonstrate the ability to **summarize** and **paraphrase** texts.	5-R1.4 Demonstrate the ability to **summarize** and **paraphrase** texts.
		5-R1.5 Demonstrate the ability to analyze details in texts.	5-R1.5 Demonstrate the ability to analyze details in texts.
5-R1.6 Demonstrate the ability to ask and answer questions about texts.	5-R1.6 Demonstrate the ability to ask and answer questions about texts.	5-R1.6 Demonstrate the ability to ask and answer questions about texts.	5-R1.6 Demonstrate the ability to ask and answer questions about texts.
5-R1.7	5-R1.7	5-R1.7	5-R1.7

Demonstrate the ability to make predictions about stories.	Demonstrate the ability to make predictions about stories.	Demonstrate the ability to make predictions about stories.	Demonstrate the ability to make predictions about stories.
		5-R1.8 Demonstrate the ability to **paraphrase the main ideas** of texts.	5-R1.8 Demonstrate the ability to **paraphrase the main ideas** of texts.
	5-R1.9 Demonstrate the ability to draw conclusions and make inferences.	5-R1.9 Demonstrate the ability to draw conclusions and make inferences.	
	5-R1.10 Demonstrate the ability to categorize and classify and ideas.	5-R1.10 Demonstrate the ability to categorize and classify and ideas.	
	5-R1.11 Demonstrate the ability to analyze cause and effect.	5-R1.11 Demonstrate the ability to analyze cause and effect.	
	5-R1.12 Demonstrate the ability to analyze fact and opinion.	5-R1.12 Demonstrate the ability to analyze fact and opinion.	
		5-R1.13 Demonstrate the ability to follow multistep directions in a technical manual.	5-R1.13 Demonstrate the ability to follow multistep directions in a technical manual.
	5-R1.14 Demonstrate the ability to use **graphic representations** such as charts, graphs, pictures, and **graphic organizers** as information sources and as a means of organizing information and events logically.	5-R1.14 Demonstrate the ability to use **graphic representations** such as charts, graphs, pictures, and **graphic organizers** as information sources and as a means of organizing information and events logically.	5-R1.14 Demonstrate the ability to use **graphic representations** such as charts, graphs, pictures, and **graphic organizers** as information sources and as a means of organizing information and events logically.

6th Grade Mathematics Standards

	Glencoe II	PACT Workb
Number and Operations		
I. Understand numbers, ways of representing numbers, relationships among numbers, and numb		
A. Work flexibly with fractions, decimals, and percents to solve problems.		
*1. Show the relationship among fractions, decimals, and percents.	3.4	
B. Compare and order fractions, decimals, and percents efficiently and find their approximate lo		
1. Use order symbols to compare two fractions, two decimals, or two percents.	3.3	
C. Develop meaning for percents greater than 100 and less than 1.		
1. Use models to represent percents greater than 100 percent and solve problems involving them.	6.3	
D. Understand and use ratios and proportions to represent quantitative relationships.		
1. Connect the concept of ratio and fractions by determining the equivalence of two ratios.	8.1	
E. Develop an understanding of large numbers and recognize and appropriately use exponential, notation.		
1. Evaluate powers of ten up to 10^6.	1.6	
F. Use factors, multiples, prime factorization, and relatively prime numbers to solve problems.		
1. Solve problems using prime factorization, common multiples, and common factors and then explain the reasoning used.	Prime no. 52	
G. Develop meaning for integers and represent and compare quantities with them.		
Use integers to describe real-world phenomena in order to develop meanings for integers.	11.1 pg.57-project masters.	
II. Understand meanings of operations and how they relate to one another.		
A. Understand the meaning and effects of arithmetic operations with fractions, decimals, and int		
1. Explain the meaning and effects of adding, subtracting, multiplying, and dividing.	6.3, 6.4, 6.5, 6.6	
B. Use the associative and commutative properties of addition and multiplication and the distribu multiplication over addition to simplify computations with integers, fractions, and decimals.		
1. Apply the commutative, associative, and distributive properties to simplify computations with whole numbers, fractions, and decimals.	4.2	
C. Understand and use the inverse relationships of addition and subtraction, multiplication and d finding square roots to simplify computations and solve problems.		
III. Compute fluently and make reasonable estimates.		
A. Select appropriate methods and tools for computing with fractions and decimals from among estimation, calculators or computers, and paper and pencil, depending on the situation, and apply		
1. Select appropriate methods and tools to solve problems requiring the addition and subtraction of fractions and decimals.	3.6	
B. Develop and analyze algorithms for computing with fractions, decimals, and integers and deve		
1. Using models, divide commonly used fractions (including decimals).	Chapter 4 pg. 31-45	
*2. Use models and numbers to develop and analyze algorithms with fractions and decimals	5.4A	

7th Grade Mathematics Standards

	Glencoe	PACT Workbook	Supplemental Materials
Number and Operations			
I. Understand numbers, wasy of representing numbers, relationships among numbers, and number systems.			
A. Work flexibly with fractions, decimals, and percents to solve problems.			
1. Write and use the appropriate equivalent forms of whole numbers, fractions, decimals, and percents.	2-7 fraction to decimal 4-5 simplify fractions 4-6 ratio to %, 4-7 % to fraction., decimal. to fraction	P. 1-2	
B. Compare and order fractions, decimals, and percents efficiently and find their approximate locations on a number line.			
1. Identify, represent, and find the approximate location of fractions, decimals, percents, and square roots of perfect squares on a number line and then justify the reasoning used.	2-2 decimal 10-2 *	P. 3-4	*Worksheet 1
2. Use order symbols to compare fractions, decimals, percents, and square roots of perfect squares and then justify the reasoning used.	2-1 decimal 2-7 fraction / decimal 4-10 fraction	P. 5-6	
C. Develop meaning for percents greater than 100 and less than 1.			
1. Use models to represent percents less than 1 percent and solve problems involving them.	8-7	P. 7-8	
D. Understand and use ratios and proportions to represent quantitative relationships.			
*1. Create and write ratios and proportions from applied situations and explain the reasoning used.	8-1 ratio, 8-3 proportion 8-7 11-2 % equation (proportion)	P. 9-10	
E. Develop an understanding of large numbers and recognize and appropriately use exponential, scientific, and calculator notation.			
1. Translate to standard form a number written in exponential form, in scientific notation and in calculator notation.	1-4 exponential to standard 2-9 stand-science notation (with 2-5)	P. 11-12	Reteach Scientific Notation

F. Use factors, multiples, prime factorization, and relatively prime numbers to solve problems.			
1. Apply primes, composites, factors, multiples, and relatively prime numbers in a variety of applied and mathematical situations and explain the reasoning used.	4-1 factors 4-2 Prime / comp. / prime factor. 4-4 GCF 4-9 LCM	P. 13-14	Worksheet 14
G. Develop meaning for integers and represent and compare quantities with them.			
1. Compare and order integers.	5-2	P. 15-16	
II. Understand meanings of operations and how they relate to one another.			
A. Understand the meaning and effects of arithmetic operations with fractions, decimals, and integers.			
1. Explain the meaning and effects of arithmetic operations with integers.	5-4 (+), 5-5 (-), 5-6 (x), 5-7 (÷)	P. 17-18	
B. Use the associative and commutative properties of addition and multiplication and the distributive property of multiplication over addition to simplify computations with integers, fractions, and decimals.			
1. Apply the associative, commutative, and distributive properties for operations on integers, fractions, and decimals.	7-8 fractions	P. 19-20	Worksheet 2, Reteach Properties of Integers
C. Understand and use the inverse relationships of addition and subtraction, multiplication and division, and squaring and finding square roots to simplify computations and solve problems.			
1. Using models and numbers, explain the inverse relationships between squaring and finding square roots of perfect squares.	10-1	P. 21-22	
III. Compute fluently and make reasonable estimates.			
A. Select appropriate methods and tools for computing with fractions and decimals from among mental computation, estimation, calculators or computers, and paper and pencil, depending on the situation, and apply the selected methods.			
1. Applying all operations to fractions, decimals, and integers, select appropriate methods and tools to solve problems.	1-2 order of operations 2-4 (x) decimal, 2-6 (÷) decimal 5-4, 5-5, 5-6, 5-7 (+, -, x, ÷) integer 7-2, 7-3, 7-4, 7-9 (+, -, x, ÷) integer	P. 23-24	

Mathematic Department							
8th Grade Pacing Guide							
1st Nine Weeks							
Date	Day	Section	Standard	Concept	Lab Materials	Lab Instruction	Comments
8-25	1	Intro./ Syllabus / 1-3	Alg II A 1	Variables and Expressions			
8-26	2	Intro./ Syllabus / 1-3	Alg II A 1	Variables and Expressions			
8-27	3	1-3	Alg II A 1	Variables and Expressions			
8-28	4	1-3	Alg II A 1	Variables and Expressions			
8-29	5	1-3B	Alg II A 1	Variables and Expressions	Graphing Calculator	Each Student	
9-2	6	1-4	NO II B 1.	Properties			
9-3	7	1-5	NO II B 1, Alg II D 1	Distributive Property			
9-4	8	1-5B	NO II B 1, Alg II D 1	Distributive Property	Algebra Tiles (or Base Ten)	Teacher or Each Student	
9-5	9	Review / Test					
9-8	10	1-6	Alg II A 1	Variables and Equations			
9-9	11	1-8	Alg II D 2	Solving Equations			
9-10	12	1-8 / 1-9	Alg II D 2 / Alg II D 2	Solving Equations / Inequalities			
9-11	13	1-9	Alg II D 2	Inequalities			
9-12	14	Review / Test					
All Chapter 2 – Exploring Integers – NO III A 1, Alg II A 1							

9-15	15	2-1	NO I B 1	Integers and Absolute Value			
9-16	16	2-3	NO I B 1	Comparing and Ordering			
9-17	17	2-4A	NO III A 1, NO III B 1	Adding Integers			
9-18	18	2-4	NO III A 1, NO III B 1	Adding Integers	Red & Yellow Chips	Each Student	
9-19	19	Review / Test					
9-22	20	2-5A	NO III A 1, NO III B 1	Subtracting Integers	Red & Yellow Chips	Each Student	
9-23	21	2-5	NO III A 1, NO III B 1	Subtracting Integers			
9-24	22	2-7 / 2-8	NO III A 1, NO III B 1	Multiplying Integers / Dividing Integers			
9-25	23	Review / Test					
9-29	24	3-2	Alg II D 2	Solving Equations by + or -			
9-30	25	3-2A	Alg II D 2	Solving Equations by + or -	Red & Yellow Chips, Cups, Equation Mats	Each Student	
10-1	26	3-3	Alg II D 2	Solving Equations by x or ÷			
10-2	27	3-4	Alg II D 2, Mea II F 1	Using Formulas			
10-3	28	Review / Test					
10-6	29	3-6	Alg II D 2	Solving Inequalities by + or -			
10-7	30	3-6 / 3-7	Alg II D 2/ Alg II D 2	Solving Inequalities by + or - / by x or ÷			

ATTACHMENT 3

More Details about Core Knowledge

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About Core Knowledge

An Overview of the K-8 Core Knowledge Sequence

Corrections to K-8 Sequence

Preschool Sequence

Articles by E.D. Hirsch, Jr.

Articles from our Newsletter

Common Questions and Misconceptions

Frequently Asked Questions

Evaluation Data

Core Knowledge Discussion Lists

Staff Directory

About Core Knowledge®

What is Core Knowledge? / The Four S's / A Sample of the *Core Knowledge Sequence* / Who Decided What's in the Sequence? / Benefits of Core Knowledge

What is Core Knowledge?



An Idea. . . that for the sake of academic excellence, greater fairness, and higher literacy, elementary and middle schools need a solid, specific, shared core curriculum in order to help children establish strong foundations of knowledge, grade by grade.

A Guide to Specific, Shared Content . . . as outlined in the *Core Knowledge Sequence* (a grade-by-grade guide to important knowledge) and supported in Core Knowledge resources, including the *What Your Kindergartner - Sixth Grader Needs To Know* book series.

A School Reform Movement . . . taking shape in hundreds of schools where educators have committed themselves to teaching important skills and the Core Knowledge content they share within grade levels, across districts, and with other Core Knowledge schools across the country.

The Four S's. Core Knowledge Is:

Solid
Many people say that knowledge is changing so fast that what students learn today will soon be outdated. While current events and technology are constantly changing, there is nevertheless a body of lasting knowledge that should form the core of a Preschool-Grade 8 curriculum. Such solid knowledge includes, for example, the basic principles of constitutional government, important events of world history, essential elements of mathematics and of oral and written expression, widely acknowledged masterpieces of art and music, and stories and poems passed down from generation to generation.

Sequenced

REC - 178

Knowledge builds on knowledge. Children learn new knowledge by building on what they already know. Only a school system that clearly defines the knowledge and skills required to participate in each successive grade can be excellent and fair for all students. For this reason, the *Core Knowledge Sequence* provides a clear outline of content to be learned grade by grade. This sequential building of knowledge not only helps ensure that children enter each new grade ready to learn, but also helps prevent the many repetitions and gaps that characterize much current schooling (repeated units, for example, on pioneer days or the rain forest, but little or no attention to the Bill of Rights, or to adding fractions with unlike denominators).

Specific
A typical state or district curriculum says, "Students will demonstrate knowledge of people, events, ideas, and movements that contributed to the development of the United States." But which people and events? What ideas and movements? In contrast, the *Core Knowledge Sequence* is distinguished by its specificity. By clearly specifying important knowledge in language arts, history and geography, math, science, and the fine arts, the *Core Knowledge Sequence* presents a practical answer to the question, "What do our children need to know?"

Shared
Literacy depends on shared knowledge. To be literate means, in part, to be familiar with a broad range of knowledge taken for granted by speakers and writers. For example, when sportscasters refer to an upset victory as "David knocking off Goliath," or when reporters refer to a "threatened presidential veto," they are assuming that their audience shares certain knowledge. One goal of the Core Knowledge Foundation is to provide all children, regardless of background, with the shared knowledge they need to be included in our national literate culture.

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A Sample of the *Core Knowledge Sequence*

(These excerpts represent only a very small and selective sampling. Please see the *Core Knowledge Sequence* for additional information.)

KINDERGARTEN: VISUAL ARTS

- Painting: line and color in such works as Matisse's *The Purple Robe*, Picasso's *Le Gourmet*, Mary Cassatt's *The Bath*, Henry O. Tanner's *The Banjo Lesson*, and Diego Rivera's *Mother's Helper*.
- Sculpture: Statue of Liberty, mobiles of Alexander Calder, Northwest American Indian totem pole

FIRST GRADE: WORLD HISTORY
Early Civilizations: Ancient Egypt

- Geography: Africa, Sahara Desert
- Importance of the Nile River, floods and farming
- Pharaohs: Tutankhamen, Hatshepsut
- Pyramids, and mummies, animal gods, Sphinx
- Writing: hieroglyphics

SECOND GRADE: AMERICAN HISTORY

Civil Rights

- Susan B. Anthony and the right to vote
- Eleanor Roosevelt and civil rights and human rights
- Mary McLeod Bethune and educational opportunity
- Jackie Robinson and the integration of major league baseball
- Rosa Parks and the bus boycott in Montgomery, Alabama
- Martin Luther King, Jr. and the dream of equal rights for all
- Cesar Chavez and the rights of migrant workers

THIRD GRADE: MATH

Fractions

- Recognize fractions to one-tenth
- Identify numerator and denominator
- Write mixed numbers
- Recognize equivalent fractions (for example, 1/2 = 3/6)
- Compare fractions with like denominators using the signs <, >, and =

Geometry

- Identify lines as horizontal, vertical, perpendicular, parallel
- Polygons: recognize vertex; identify sides as line segments; identify pentagon, hexagon, and octagon
- Identify angles: right angle; four right angles in a square or rectangle
- Compute area in square inches and square centimeters

FOURTH GRADE: SCIENCE

Electricity

- Electricity as the flow of electrons

- Static electricity
- Electric current
- Electric circuits: closed, open, and short circuits
- Simple circuit (battery, wire, bulb, filament, switch)
- Conductors and insulators
- How electromagnets work
- Using electricity safely

FIFTH GRADE: AMERICAN HISTORY AND GEOGRAPHY

Westward Exploration and Expansion

- Early exploration of the west: Daniel Boone, Cumberland Gap, Wilderness Trail
- The Louisiana Purchase: Lewis and Clark, Sacagawea
- Pioneer land routes: Santa Fe Trail and Oregon Trail
- Rivers: James, Hudson, St. Lawrence, Mississippi, Missouri, Ohio, Columbia, Rio Grande
- American Indian resistance: Tecumseh attempts to unite tribes to defend their land
- "Manifest Destiny" and conflict with Mexico
- The Mexican War

SIXTH GRADE: LANGUAGE ARTS

Fiction and Drama

- *The Iliad* and *The Odyssey*
- *The Prince and the Pauper*
- *Julius Caesar*

Writing and Research

- Write a research essay, with attention to
  * asking open-ended questions
  * gathering relevant data through library and field research
  * summarizing, paraphrasing, and quoting accurately when taking notes
  * defining a thesis
  * organizing with an outline
  * integrating quotations from sources
  * acknowledging sources and avoiding plagiarism
  * preparing a bibliography

EXHIBIT 000093

SEVENTH GRADE: MUSIC

Classical Music: Romantics and Nationalists

- Music and National Identity
- Antonin Dvorak, *Symphony No. 9 ("From the New World)*
- Edvard Grieg, *Peer Gynt Suites Nos. 1 and 2*
- Peter Ilich Tchaikovsky, *1812 Overture*
- **American Musical Traditions**
- Blues: Twelve bar blues form
- Jazz: Louis Armstrong, Duke Ellington, Miles Davis

EIGHTH GRADE: PHYSICS

Motion, Forces, Density and Buoyancy, Work, Energy, Power

- Velocity and speed
- The concept of force
- Unbalanced forces cause change in velocity
- When immersed in a fluid, all objects experience a buoyant force
- In physics, work is a relation between force and distance: work is done when force is exerted over a distance
- In physics, energy is defined as the ability to do work
- In physics, power is a relation between work and time: a measure of work done and the time it takes to do it

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Knowledge Builds on Knowledge

We learn new knowledge by building on what we already know. Students in Core Knowledge schools know a lot, because they are offered a coherent sequence of specific knowledge that builds year by year. For example, in sixth grade they should be ready to grasp the law of the conservation of energy because they have been building the knowledge that prepares them for it, as shown in this selection from the physical science strand of the *Core Knowledge Sequence*:

Kindergarten:

03-0808

Magnetism, the idea of forces we cannot see. Classify materials according to whether they are attracted to a magnet.

First Grade:
Basic concept of atoms. Names and common examples of the three states of matter. Examine water as an example of changing states of matter in a single substance. Properties of matter: measurement.

Second Grade:
Lodestones: naturally occurring magnets. Magnetic poles: north-seeking and south-seeking poles. Magnetic fields (strongest at the poles). Law of attraction: unlike poles attract, like poles repel.

Fourth Grade:
Atoms: all matter is made up of particles too small to see. Atoms are made up of even smaller particles: protons, neutrons, electrons. Concept of electrical charge: proton has positive charge; electron has negative charge; neutron has no charge. "Unlike charges attract, like charges repel" (relate to magnetic attraction). Properties of matter: mass, volume and density. The elements: basic kinds of matter.

Fifth Grade:
Atoms are constantly in motion; electrons move around the nucleus in paths called shells (or energy levels). Atoms form molecules and compounds. The Periodic Table: organizes elements with common properties.

Sixth Grade:
Kinetic and potential energy: types of each. Energy is conserved in a system. Heat and temperature. Three ways energy is transferred: conduction, convection, and radiation. Energy transfer: matter changes phase by adding or removing energy. Expansion and contraction.

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Who Decided What's in the Sequence?

The *Core Knowledge Sequence* is the result of research into the content and structure of the highest performing elementary school systems around the world, as well as extensive consensus-building among diverse groups and interests, including parents, teachers, scientists, professional curriculum organizations, and experts from the Core Knowledge Foundation's advisory board on multicultural traditions. Provisional versions of the Sequence were reviewed and revised by panels of teachers, and in 1990 a national conference was convened at which twenty-four working groups hammered out a draft sequence. This draft was fine-tuned

during a year of implementation at Three Oaks Elementary in Ft. Myers, Florida. As more elementary schools adopt Core Knowledge, the Foundation seeks their suggestions based on experience in order to update the Sequence.

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Benefits of Core Knowledge

For Students

- Provides a broad base of knowledge and a rich vocabulary
- Motivates students to learn and creates a strong desire to learn more
- Provides the knowledge necessary for higher levels of learning and helps build confidence

For the School

- Provides an academic focus and encourages consistency in instruction
- Provides a plan for coherent, sequenced learning from grade to grade
- Promotes a community of learners -- adults and children
- Becomes an effective tool for lesson planning and communication among teachers and with parents
- Guides thoughtful purchases of school resources

For the School District

- Provides a common focus to share knowledge and expertise
- Decreases learning gaps caused by mobility
- Encourages cooperation among schools to provide quality learning experiences for all students
- Provides a strong foundation of knowledge for success in high school and beyond

For Parents and the Community

- Provides a clear outline of what children are expected to learn in school
- Encourages parents to participate in their children's education both at home and in school
- Provides opportunities for community members to help obtain and provide instructional resources

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ATTACHMENT 4

More Details about Skills Bank/Skills Tutor

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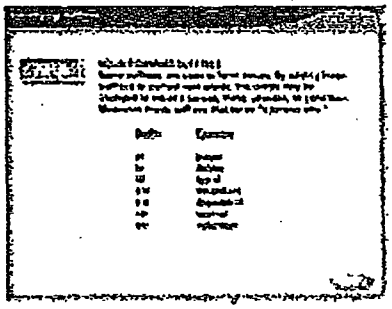


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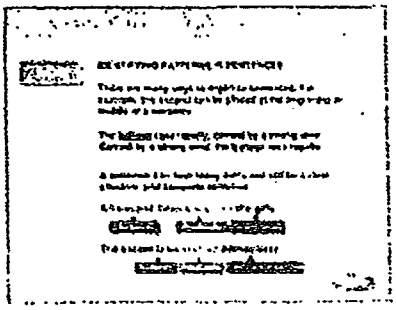
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Reading Series

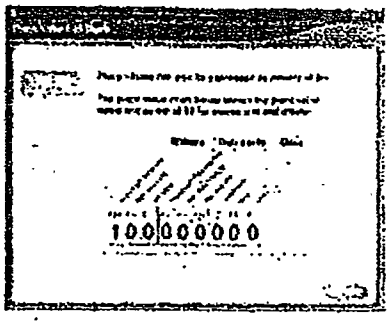
- Brush up on key reading fundamen instruction covering vocabulary, Latir words, word usage, and reading com



Writing Series

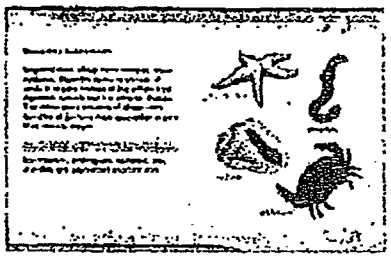
- Boost students' writing ability and ir mechanics. Instruction covers parts structure, and paragraph organizatio comprehension skills, effective letter communication strategies throughou

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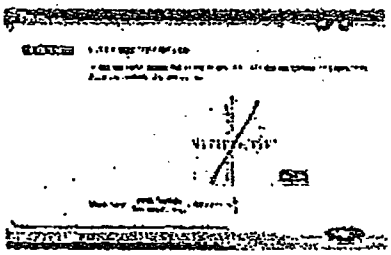
Series

- Build a strong foundation in mather step-by-step tutorials, practice lesso aids in topics like proportion and per statistics and probability. Correlated standards.



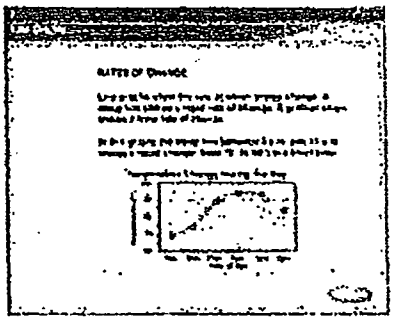
Science I and II Series

- Reinforce key concepts in life s science, earth science, biology, c physics. Complements the Algeb



Algebra I Series

- Develop an algebraic understar inequalities, polynomials, factorir expressions, functions, graphing equations. Complements the Bas Mathematics series.



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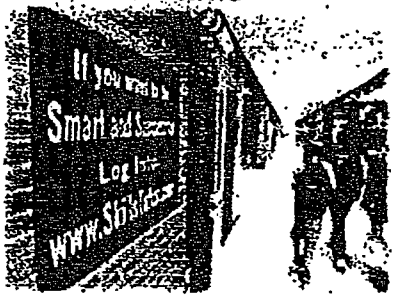
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	Third Grade	Fourth Grade	Fifth Grade
nguage t/English	I. Reading and Writing II. Poetry III. Fiction (Stories; Norse Myths; Greek and Roman Myths) IV. Sayings and Phrases	I. Writing, Grammar, and Usage II. Poetry III. Fiction (Stories; Legends of King Arthur) IV. Sayings and Phrases	I. Writing, Grammar and Usage II. Poetry III. Fiction (Stories; Shakespeare; Myths and Legends) IV. Sayings and Phrases
story and ography	**World** I. World Geography (Spatial Sense; Canada; Important Rivers) II. Ancient Rome (Geography of Mediterranean Region; Roman Empire, "Decline and Fall") **American** I. The Earliest Americans II. Early Exploration of North America III. The Thirteen Colonies: Life and Times Before the Revolution	**World** I. World Geography (Spatial Sense; Mountains) II. Europe in the Middle Ages III. Spread of Islam and "Holy Wars" IV. Early and Medieval African Kingdoms V. China: Dynasties and Conquerors **American** I. American Revolution II. Making a Constitutional Government III. Early Presidents and Politics IV. Reformers V. Symbols and Figures	**World** I. World Geography (Spatial Sense; Lakes) II. Meso-American Civilizations III. European Exploration, Trade, and Clash of Cultures IV. Renaissance and Reformation V. England from the Golden Age to the Glorious Revolution VI. Russia: Early Growth and Expansion VII. Feudal Japan **American** I. Westward Expansion II. Civil War III. Native Americans: Cultures and Conflicts IV. U.S. Geography
ual Arts	I. Elements of Art II. American Indian Art III. Art of Ancient Rome and Byzantine Civilization	I. Art of the Middle Ages II. Islamic Art and Architecture III. Art of Africa IV. Art of China V. Art of a New Nation: The United States	I. Art of the Renaissance II. American Art: Nineteenth-Century United States III. Art of Japan
sic	I. Elements of Music II. Listening and Understanding (Orchestra; Composers) III. Songs	I. Elements of Music II. Listening and Understanding (Orchestra; Vocal Ranges; Composers) III. Songs	I. Elements of Music II. Listening and Understanding (Composers; Connections) III. American Musical Traditions (Spirituals) IV. Songs
matics	I. Numbers and Number Sense II. Fractions and Decimals III. Money IV. Computation V. Measurement VI. Geometry	I. Numbers and Number Sense II. Fractions and Decimals III. Money IV. Computation V. Measurement VI. Geometry	I. Numbers and Number Sense II. Ratio and Percent III. Fractions and Decimals IV. Computation V. Measurement VI. Geometry VII. Probability and Statistics VIII. Pre-Algebra
nce	I. Introduction to Classification of Animals II. Human Body (Musculaf, Skeletal,	I. Human Body (Circulatory and Respiratory Systems) II. Chemistry (Atoms; Matter;	I. Classifying Living Things II. Cells: Structures and Processes III. Plant Structures and Processes

Hearing) II. Light and Optics IV. Sound V. Ecology VI. Astronomy VII. Science Biographies	III. Electricity IV. Geology: Earth and Changes V. Meteorology VI. Science Biographies	IV. Life Cycles and Reproduction V. Human Body (Endocrine and Reproductive Systems) VI. Chemistry: Matter and Change VII. Science Biographies

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Core Knowledge at a Glance: Major Topic Headings, 6-8

	Sixth Grade	Seventh Grade	Eighth Grade
Language Art/English	I. Writing, Grammar, and Usage II. Poetry III. Fiction and Drama (Stories; Shakespeare; Classical Myths) IV. Sayings and Phrases	I. Writing, Grammar, and Usage II. Poetry III. Fiction, Nonfiction, and Drama IV. Foreign Phrases Commonly Used in English	I. Writing, Grammar and Usage II. Poetry III. Fiction, Nonfiction, and Drama IV. Foreign Phrases Commonly Used in English
History and Geography	**World** I. World Geography (Spatial Sense; Deserts) II. Lasting Ideas from Ancient Civilizations (Judaism, Christianity; Greece and Rome) III. Enlightenment IV. French Revolution V. Romanticism VI. Industrialism, Capitalism, and Socialism VI. Latin American Independence Movements **American** I. Immigration, Industrialization, and Urbanization II. Reform	**World** I. America Becomes a World Power II. World War I, "The Great War" III. Russian Revolution IV. America from the Twenties to the New Deal V. World War II VI. Geography of the United States	**World** I. Decline of European Colonialism II. Cold War III. Civil Rights Movement IV. Vietnam War and the Rose of Social Activism V. Middle East and Oil Politics VI. End of the Cold War: Expansion of Democracy and Continuing Challenges VII. Civics: The Constitution – Principles and Structure of American Democracy VIII. Geography of Canada and Mexico
Visual Arts	I. Art History: Periods and Schools (Classical; Gothic; Renaissance; Baroque; Rococo; Neoclassical; Romantic; Realism)	I. Art History: Periods and Schools (Impressionism; Post-Impressionism; Expressionism and Abstraction; Modern American Painting)	I. Art History: Periods and Schools (Painting Since World War II; Photography; 20th-Century Sculpture) II. Architecture Since the Industrial Revolution
Music	I. Elements of Music II. Classical Music: From Baroque to Romantic (Bach, Handel, Haydn, Mozart, Beethoven, Schubert, Chopin, Schumann)	I. Elements of Music II. Classical Music (Romantics and Nationalists (Brahms, Berlioz, Liszt, Wagner, Dvorak, Grieg, Tchaikovsky) III. American Musical Traditions (Blues and Jazz)	I. Elements of Music II. Non-Western Music III. Classical Music: Nationalists and Moderns (Sibelius, Bartok, Rodrigo, Copland, Debussy, Stravinsky) IV. Vocal Music (Opera; American Musical Theater)
Mathematics	I. Numbers and Number Sense II. Ratio and Percent	I. Pre-Algebra (Properties of the Real Numbers; Polynomial Arithmetic;	I. Algebra (Properties of the Real Numbers; Relations, Functions, and Graphs; Linear

	III. Computation IV. Measurement V. Geometry VI. Probability and Statistics VII. Pre-Algebra	Equivalent Equations and Inequalities; Integer Exponents) II. Geometry (Three-Dimensional Objects; Angle Pairs; Triangles; Measurement) III. Probability and Statistics	Equations and Functions; Arithmetic of Rational Expression; Quadratic Equations and Functions) II. Geometry (Analytic Geometry; Introduction to Trigonometry; Triangles and Proofs)
Science	I. Plate Tectonics II. Oceans III. Astronomy: Gravity, Stars, and Galaxies IV. Energy, Heat, and Energy Transfer V. Human Body (Lymphatic an Immune Systems) VI. Science Biographies	I. Atomic Structure II. Chemical Bonds and Reactions III. Cell Division and Genetics IV. History of the Earth and Life Forms V. Evolution VI. Science Biographies	I. Physics II. Electricity and Magnetism III. Electromagnetic Radiation and Light IV. Sound Waves V. Chemistry of Food and Respiration VI. Science Biographies

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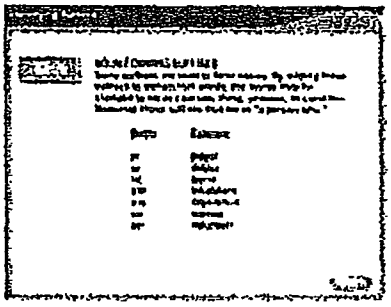


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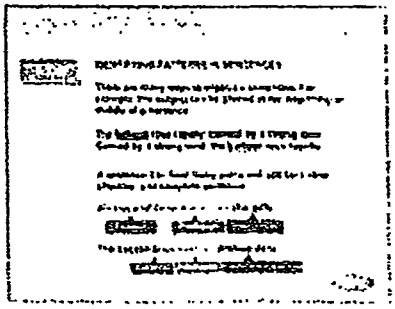
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Reading Series

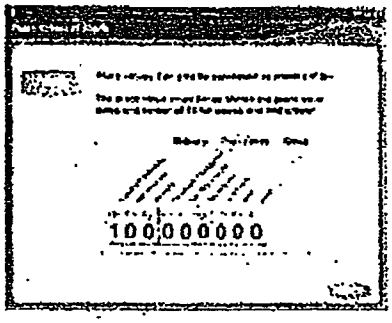
- Brush up on key reading fundamen Instruction covering vocabulary, Lati words, word usage, and reading com



Writing Series

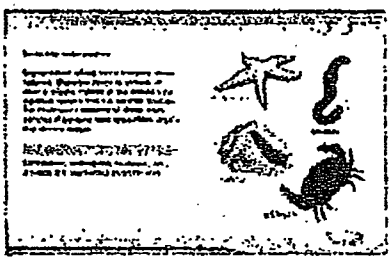
- Boost students' writing ability and ir mechanics. Instruction covers parts structure, and paragraph organizatio comprehension skills, effective letter communication strategies throughou

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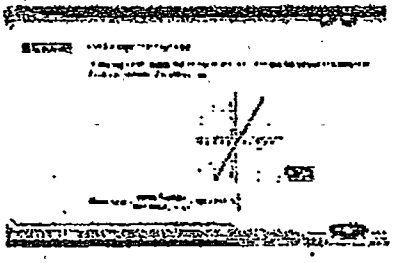
Series

- Build a strong foundation in mather
step-by-step tutorials, practice lesso
aids in topics like proportion and per
statistics and probability. Correlated
standards.



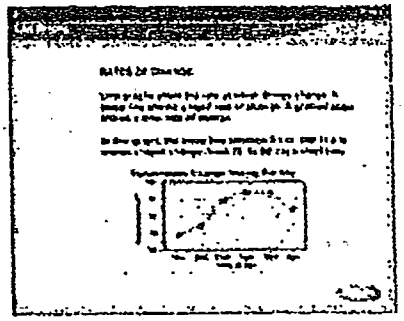
Science I and II Series

- Reinforce key concepts in life s
science, earth science, biology, c
physics. Complements the Algeb



Algebra I Series

- Develop an algebraic understar
inequalities, polynomials, factorir
expressions, functions, graphing
equations. Complements the Bas
Mathematics series.



Information Skills Series

Students gain an understanding of w
access information. Includes real-wo
aids such as charts and maps, and c
materials and consumer information.

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ATTACHMENT 5

Sample Correlation Chart for Core Knowledge

Grade 4 Correlation of Core Knowledge and YOUR State Standards

Working Draft, DATE

Note: Retype YOUR state standards in place of those listed below.

Strand	Core Knowledge Sequence	State Standards
Language Arts	I. Writing, Grammar, and Usage	Hint: Line up the state standard with the corresponding Core Knowledge topic (use these examples to assist you). EW4.7a: The student will write effective narratives and explanations: Focus on one aspect of a topic. EW4.7b: The student will write effective narratives and explanations: Develop a plan for writing. EW4.7c: The student will write effective narratives and explanations: Organize writing to convey a central idea. EW4.7d: The student will write effective narratives and explanations: Write several related paragraphs on the same topic. EW4.7e: The student will write effective narratives and explanations: Utilize elements of style, including word choice, tone, voice, and sentence variation. EW4.7f: The student will write effective narratives and explanations: Edit final copies for grammar, capitalization, punctuation, and spelling. EW4.7g: The student will write effective narratives and explanations: Use available technology. EW4.8a: The student will edit final copies of writing: Use subject-verb agreement. EW4.8b: The student will edit final copies of writing: Avoid double-negatives. EW4.8c: The student will edit final copies of writing: Use pronoun "I" correctly in compound sentences. EW4.8d: The student will edit final copies of writing: Use commas in series, dates, and addresses. EW4.9a: The student will use information resources to research a topic:

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		Construct questions about a topic. EW4.9b: The student will use information resources to research a topic: Collect information, using the resources of the media center. EW4.9c: The student will use information resources to research a topic: Evaluate and synthesize information for use in writing. EW4.9d: The student will use information resources to research a topic: Use available technology. EW4.3a: The student will read and learn the meanings of unfamiliar words: Use knowledge of word origins, synonyms, antonyms, and homonyms; and multiple meanings of words. EW4.3b: The student will read and learn the meanings of unfamiliar words: Use word-reference materials including the glossary, dictionary, and thesaurus.
	II. Poetry	EW4.6a: The student will read a variety of poetry: Describe the rhyme scheme (approximate, end, and internal). EW4.6b: The student will read a variety of poetry: Identify the sensory words used and their effect on the reader. EW4.6c: The student will read a variety of poetry: Write rhymed, unrhymed, and patterned poetry.
	III. Fiction	EW4.4a: The student will read fiction and nonfiction, including biographies and historical fiction: Explain the author's purpose. EW4.4b: The student will read fiction and nonfiction, including biographies and historical fiction: Describe how the choice of language, setting, and information contributes to the author's purpose. EW4.4c: The student will read fiction and nonfiction, including biographies and historical fiction: Compare the use of fact and fantasy in historical fiction with other forms of literature. EW4.4d: The student will read fiction and nonfiction, including biographies and historical fiction: Explain how knowledge of the lives and experiences of individuals in history can relate to individuals who

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		have similar goals or face similar challenges. EW4.5a: the student will demonstrate comprehension of a variety of literary forms: Use text organizers such as type, headings, and graphics to predict and categorize information. EW4.5b: the student will demonstrate comprehension of a variety of literary forms: Formulate questions that might be answered in the selection. EW4.5c: the student will demonstrate comprehension of a variety of literary forms: Make inferences using information from texts. EW4.5d: the student will demonstrate comprehension of a variety of literary forms: Paraphrase content of selection, identifying important ideas and providing details for each important idea. EW4.5e: the student will demonstrate comprehension of a variety of literary forms: Describe relationship between content and previously learned concepts or skills. EW4.5f: the student will demonstrate comprehension of a variety of literary forms: Write about what is read.
	IV. Speeches	EW4.4a: The student will read fiction and nonfiction, including biographies and historical fiction: Explain the author's purpose. EW4.4b: The student will read fiction and nonfiction, including biographies and historical fiction: Describe how the choice of language, setting, and information contributes to the author's purpose. EW4.4c: The student will read fiction and nonfiction, including biographies and historical fiction: Compare the use of fact and fantasy in historical fiction with other forms of literature. EW4.4d: The student will read fiction and nonfiction, including biographies and historical fiction: Explain how knowledge of the lives and experiences of individuals in history can relate to individuals who have similar goals or face similar challenges. EW4.5a: the student will demonstrate comprehension of a variety of literary forms: Use text organizers such as type, headings, and graphics

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		to predict and categorize information. EW4.5b: the student will demonstrate comprehension of a variety of literary forms: Formulate questions that might be answered in the selection. EW4.5c: the student will demonstrate comprehension of a variety of literary forms: Make inferences using information from texts. EW4.5d: the student will demonstrate comprehension of a variety of literary forms: Paraphrase content of selection, identifying important ideas and providing details for each important idea. EW4.5e: the student will demonstrate comprehension of a variety of literary forms: Describe relationship between content and previously learned concepts or skills. EW4.5f: the student will demonstrate comprehension of a variety of literary forms: Write about what is read. SS4.3e: The student will explain the economic, social, and political life of the Virginia colony, with emphasis on the backgrounds, motivations, and contributions of George Washington, George Wythe, Thomas Jefferson, James Madison, James Monroe, Patrick Henry, and other prominent Virginians in the Revolutionary era.
	V. Sayings and Phrases	
Language Arts, continued		Note: This section is a place to list English/Language Arts standards that do not correlate or could correlate anywhere. EW4.1a: The student will use effective oral communication skills in a variety of settings: Present accurate directions to individuals and small groups. EW4.1b: The student will use effective oral communication skills in a variety of settings: Contribute to group discussions. EW4.1c: The student will use effective oral communication skills in a variety of settings: Seek the ideas and opinions of others. EW4.1d: The student will use effective oral communication skills in a

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		variety of settings: Begin to use evidence to support opinions. EW4.2a: The student will make and listen to oral presentations and reports: Use subject-related information and vocabulary. EW4.2b: The student will make and listen to oral presentations and reports: Listen to and record information. EW4.2c: The student will make and listen to oral presentations and reports: Organize information for clarity.
History and Geography	World I. World Geography	SS4.2a: The student will use the concepts of absolute location (e.g., using grid systems) and relative location (e.g., direction, reference to neighboring states, and water features) to: locate and identify on maps and globes his/her local city or county, Virginia, the other original states, the United States, Western Europe, and West Africa. SS4.2d: The student will use the concepts of absolute location (e.g., using grid systems) and relative location (e.g., direction, reference to neighboring states, and water features) to: construct physical maps and three-dimensional models that include the essential map elements and the geographic regions of Virginia (Tidewater, Piedmont, Ridge and Valley, Allegheny Plateau), and the U.S. (Coastal Plains, Appalachian Mountains, Interior Lowlands, Great Plains, Rocky Mountains, Basic and Ridge, Coastal Range).
	II. Europe in the Middle Ages	SS4.5c: The student will evaluate the social, political, and economic life in Virginia from the Reconstruction Period to the 20th century, with emphasis on: the economic and social transition from a rural, agricultural society to a more urban, industrialized society. *(Compare and contrast with Feudalism, & Growth of Towns)*
	III. Spread of Islam and "Holy Wars"	
	IV. Early and Medieval African Kingdoms	SS4.2a: The student will use the concepts of absolute location (e.g., using

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		characteristics, transportation routes, climate, and specialization influenced the variety of crops, products, and industries and the general patterns of economic growth in Virginia. SS4.2c: The student will use the concepts of absolute location (e.g., using grid systems) and relative location (e.g., direction, reference to neighboring states, and water features) to: illustrate how communities in Virginia differ in physical features, such as land use, population density, architecture, services, and transportation. SS4.3a: The student will explain the economic, social, and political life of the Virginia colony, with emphasis on: its political and economic relationship to England and other nations. *(Review from Grade 3 Core Knowledge)* SS4.3b: The student will explain the economic, social, and political life of the Virginia colony, with emphasis on: characteristics and contributions of various groups of people. *(Review from Grade 3 Core Knowledge)* SS4.3c: The student will explain the economic, social, and political life of the Virginia colony, with emphasis on: the role of money, banking, saving, and credit in colonial Virginia. SS4.4c: The student will describe the social and political life of Virginians between the Revolutionary War and the end of the Civil War, with emphasis on: Virginia's role in the Civil War, including major battles and leaders in the Confederate army, including Robert E. Lee, J.E.B. Stuart, and Thomas "Stonewall" Jackson. *(Preview for Grade 5 Core Knowledge)* SS4.5a: The student will evaluate the social, political, and economic life in Virginia from the Reconstruction Period to the 20th century, with emphasis on: the Reconstruction Period and its impact on politics and government, the economy, demographics, and public opinion. *(Preview for Grade 5 Core Knowledge)* SS4.5b: The student will evaluate the social, political, and economic life in Virginia from the Reconstruction Period to the 20th century, with emphasis on: the impact of segregation and Jim Crow laws. *(Preview*

		for Grade 8 Core Knowledge) SS4.6a: The student will trace the history of Virginia in the 20th century, with emphasis on: the accomplishments of prominent Virginians, including Woodrow Wilson, Harry F. Byrd, Sr., L. Douglas Wilder, and Arthur Ashe. SS4.6b: The student will trace the history of Virginia in the 20th century, with emphasis on: social and political events linked to desegregation and Massive Resistance and their relationship to national history. *(Preview for Grade 8 Core Knowledge)* SS4.6c: The student will trace the history of Virginia in the 20th century, with emphasis on: the impact of advances in transportation and communication on migration, economic development, and the integration of Virginia into the U.S. economy and eastern Virginia into the northeast megalopolis. SS4.6d: The student will trace the history of Virginia in the 20th century, with emphasis on: the role of money, banking, saving, and credit in contemporary Virginia. SS4.7a: The student will develop historical analysis skills including: identifying, analyzing, and making generalizations about the life in Virginia history using primary sources including artifacts, diaries, letters, photographs, art, documents, and newspapers. SS4.7b: The student will develop historical analysis skills including: distinguishing fact from fiction by comparing documentary sources on historical figures and events with fictionalized characters and events. SS4.7c: The student will develop historical analysis skills including: summarizing and sequencing major events in Virginia history from 1607 to the present and locating significant places and events on a map. See also: Language Arts
Visual Arts	I. Art of Middle Ages II. Islamic Art and Architecture	

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	III. Art of Africa IV. Art of China V. Art of a New Nation: The United States	
Visual Arts, continued		Note: This section is a place to list Visual Arts standards that do not correlate or could correlate anywhere.
Music	I. Elements of Music II. Listening and Understanding III. Songs	
Music, continued		Note: This section is a place to list Music standards that do not correlate or could correlate anywhere.
Mathematics	I. Numbers and Number Sense II. Fractions and Decimals III. Money IV. Computation V. Measurement VI. Geometry	
Mathematics, continued		Note: This section is a place to list Math standards that do not correlate or could correlate anywhere.
Science	I. Human Body II. Chemistry	

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	III. Electricity	SCI4.3a: The student will investigate and understand the characteristics of electricity. Key concepts include: the nature of electricity (voltage, ampere, resistance, conductors, and insulators). SCI4.3b: The student will investigate and understand the characteristics of electricity. Key concepts include: circuits (open/closed, parallel/series). SCI4.3c: The student will investigate and understand the characteristics of electricity. Key concepts include: magnetism and magnetic fields. SCI4.3d: The student will investigate and understand the characteristics of electricity. Key concepts include: static electricity. SCI4.3e: The student will investigate and understand the characteristics of electricity. Key concepts include: historical contributions in understanding electricity.
	IV. Geology: Earth and Its Changes	SCI4.8c: The student will investigate and understand important Virginia natural resources. Key concepts include: minerals, rocks, ores, and energy sources. SCI4.8d: The student will investigate and understand important Virginia natural resources. Key concepts include: forests, soil, and land.
	V. Meteorology	SCI4.6a: The student will investigate and understand how weather conditions and phenomena occur and can be predicted. Key concepts include: weather factors (temperature, air pressure, fronts, formation and type of clouds, and storms). SCI4.6b: The student will investigate and understand how weather conditions and phenomena occur and can be predicted. Key concepts include: meteorological tools (barometer, hygrometer, anemometer, rain gauge, and thermometer).
	VI. Science Biographies	

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Science, continued		Note: This section is a place to list Science standards that do not correlate or could correlate anywhere. SCI4.1a: The student will plan and conduct investigations in which: distinctions are made among observations, conclusions (inferences), and predictions. SCI4.1b: The student will plan and conduct investigations in which: data are classified to create frequency distributions. SCI4.1c: The student will plan and conduct investigations in which: appropriate metric measures are used to collect, record, and report data. SCI4.1d: The student will plan and conduct investigations in which: appropriate instruments are selected to measure linear distance, volume, mass, and temperature. SCI4.1e: The student will plan and conduct investigations in which: predictions are made based on data from picture graphs, bar graphs, and basic line graphs. SCI4.1f: The student will plan and conduct investigations in which: hypothesis are formulated based on cause and effect relationships. SCI4.1g: The student will plan and conduct investigations in which: variables that must be held constant in an experimental situation are defined. SCI4.1h: The student will plan and conduct investigations in which: numerical data that are contradictory or unusual in experimental results are recognized. SCI4.2a: The student will investigate and understand that energy is needed to do work and that machines make work easier. Key concepts include: energy forms (electrical, mechanical, and chemical energy). *(Preview for Grade 8 Core Knowledge)* SCI4.2b: The student will investigate and understand that energy is needed to do work and that machines make work easier. Key concepts include: potential and kinetic energy). *(Preview for Grade 8 Core Knowledge)*

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		SCI4.2c: The student will investigate and understand that energy is needed to do work and that machines make work easier. Key concepts include: simple and complex machines. *(Review from Grade 2 Core Knowledge)* SCI4.2d: The student will investigate and understand that energy is needed to do work and that machines make work easier. Key concepts include: efficiency, friction, and inertia. *(Preview for Grade 8 Core Knowledge)* SCI4.4a: The student will investigate and understand basic plant anatomy and life processes. Key concepts include: the structures of typical plants (leaves, stems, roots, and flowers). SCI4.4b: The student will investigate and understand basic plant anatomy and life processes. Key concepts include: processes and structures involved with reproduction (pollination, stamen, pistil, sepal, embryo, spore, and seed). *(Preview for Grade 5 Core Knowledge)* SCI4.4c: The student will investigate and understand basic plant anatomy and life processes. Key concepts include: photosynthesis (chlorophyll, carbon dioxide). *(Preview for Grade 5 Core Knowledge)* SCI4.4d: The student will investigate and understand basic plant anatomy and life processes. Key concepts include: dormancy. *(Preview for Grade 5 Core Knowledge)* SCI4.5a: The student will investigate and understand how plants and animals and ecosystem interact with one another and the nonliving environments. Key concepts include: behavioral and structural adaptations. *(Review from Grade 3 Core Knowledge)* SCI4.5b: The student will investigate and understand how plants and animals and ecosystem interact with one another and the nonliving environments. Key concepts include: organization of communities. *(Review from Grade 3 Core Knowledge)* SCI4.5c: The student will investigate and understand how plants and animals and ecosystem interact with one another and the nonliving environments. Key concepts include: flow of energy through food

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ATTACHMENT 6

Sample Correlation Outlines for Skills Bank/Skills Tutor In Regards to State Standard



South Carolina Mathematics Standards
matched to
CornerStone and Learning MileStones
Mathematics 1

Number and Numeration Systems – Grade 3

A. Establish a strong sense of number by exploring concepts, such as counting, grouping, place value (other bases as well as base ten), and estimating.

Understanding Numbers: Lesson 1 - Place Value
Understanding Numbers: Lesson 2 - Numbers and Word Names
Understanding Numbers: Lesson 3 - Comparing and Ordering Numbers
Using Addition and Subtraction: Lesson 4 - Estimation by Rounding
Using Multiplication and Division: Lesson 4 - Estimation by Rounding
Using Decimals and Fractions: Lesson 3 - Addition of Decimals
Using Decimals and Fractions: Lesson 4 - Subtraction of Decimals
Using Decimals and Fractions: Lesson 5 - Multiplication of Decimals
Using Decimals and Fractions: Lesson 6 - Division of Decimals

B. Develop the concept of fractions, mixed numbers, and decimals and use models to relate fractions to decimals and to find equivalent fractions.

Understanding Numbers: Lesson 1 - Place Value
Understanding Numbers: Lesson 2 - Numbers and Word Names
Using Decimals and Fractions: Lesson 1 - Fractions
Using Decimals and Fractions: Lesson 2 - Decimals and Percents
Using Decimals and Fractions: Lesson 7 - Equivalent Forms

C. Communicate number relationships by exploring the comparing and ordering of whole numbers, fractions, mixed numbers, and decimals.

Understanding Numbers: Lesson 3 - Comparing and Ordering Numbers:

II. Numerical and Algebraic Concepts and Operations- Grade Three

A. Use concrete models to develop an understanding of the concepts of addition, subtraction, multiplication, and division with whole numbers.

Using Addition and Subtraction: Lesson 1 - Basic Addition Facts
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 2 - Basic Division Facts

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B. Use models to allow students to construct their own algorithms for addition, subtraction, multiplication, and division of whole numbers.

Using Addition and Subtraction: Lesson 3 - Open Sentences
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 2 - Basic Division Facts
Using Multiplication and Division: Lesson 3 - Open Sentences

C. Investigate, model, and compare different strategies for constructing basic arithmetic facts with whole numbers.

Using Addition and Subtraction: Lesson 1 - Basic Addition Facts
Using Addition and Subtraction: Lesson 2 - Basic Subtraction Facts
Using Addition and Subtraction: Lesson 3 - Open Sentences
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 2 - Basic Division Facts
Using Multiplication and Division: Lesson 3 - Open Sentences

D. Model, explain, and develop reasonable proficiency in adding, subtracting, and multiplying whole numbers and evaluating reasonableness of results.

Using Addition and Subtraction: Lesson 1 - Basic Addition Facts
Using Addition and Subtraction: Lesson 2 - Basic Subtraction Facts
Using Addition and Subtraction: Lesson 3 - Open Sentences
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 3 - Open Sentences

F. Use mental computation, estimation, and calculators to predict results and evaluate reasonableness of results; use concrete models to explore operations on common and decimal fractions.

Using Addition and Subtraction: Lesson 1 - Basic Addition Facts
Using Addition and Subtraction: Lesson 2 - Basic Subtraction Facts
Using Addition and Subtraction: Lesson 4 - Estimation by Rounding
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 4 - Estimation by Rounding
Using Decimals and Fractions: Lesson 3 - Addition of Decimals
Using Decimals and Fractions: Lesson 4 - Subtraction of Decimals
Using Decimals and Fractions: Lesson 5 - Multiplication of Decimals
Using Decimals and Fractions: Lesson 8 - Addition of Fractions
Using Decimals and Fractions: Lesson 9 - Subtraction of Fractions

G. Use whole numbers, common and decimal fractions, variables, equations, and inequalities to describe problem situations.

Using Addition and Subtraction: Lesson 1 - Basic Addition Facts
Using Addition and Subtraction: Lesson 2 - Basic Subtraction Facts
Using Addition and Subtraction: Lesson 5 - Addition
Using Addition and Subtraction: Lesson 6 - Subtraction
Using Multiplication and Division: Lesson 1 - Basic Multiplication Facts
Using Multiplication and Division: Lesson 2 - Basic Division Facts
Using Decimals and Fractions: Lesson 3 - Addition of Decimals
Using Decimals and Fractions: Lesson 5 - Multiplication of Decimals

000279

ATTACHMENT 7

Sample of the Terms Specified in the Grant

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

INEZ MOORE TENENBAUM
STATE SUPERINTENDENT OF EDUCATION

CHARTER SCHOOLS
GRANT AWARD

1. **Name and Address of Grantee:**

   South Carolina Trades Institute
   Sea Islands YouthBuild
   P.O. Box 61176
   North Charleston, South Carolina 29419

2. **Project Number:** 01BI66B-01.
   Sub Fund: 252
   Revenue Code: 4320

CFDA: 84.282

3. **Amount of Grant:**
   $20,000 (planning phase)

4. **Source of Funds:**
   Federal Public Charter School Program

5. **Grant Status:**
   New

6. **Title of Project:**
   Charter Schools Planning-Implementation Grant

7. **Effective Dates:**
   June 1, 2002–May 31, 2005

8. **Scope of Work and/or Special Conditions:**

   a. This grant is provided with the understanding that the program will be operated as projected and that the funds will be spent as budgeted.
   b. Upon submission of documentation of collaboration with the local school board/district, the grantee will receive 15 percent of the requested planning budget in advance. The remainder of the planning budget will be provided through reimbursement (up to $20,000).
   c. Upon submission of an approved charter and nonprofit status documentation, funds associated with the implementation phase will be available through reimbursement. The grantee will receive 15 percent of the requested implementation budget in advance. The remainder of the implementation budget will be provided through reimbursement (up to $200,000).
   d. If planning has not resulted in an approved charter by November 1, 2003, the funds associated with implementation will be forfeited by the grantee.
   e. A 10-percent deviation within line items is allowed provided the total amount of the grant is not exceeded. All other budget transfers must be submitted in writing for prior approval.
   f. The grantee agrees to comply with all applicable state and federal laws and regulations and USDE/SDE requirements.

9. **Signature of State Superintendent/Date**

   Inez Tenenbaum 6-19-02

10. **Signature of Authorized Representative/Date**

    [signature] 7/2/02

11. This grant is made with the understanding that the project will be operated as proposed and that the funds will be spent as budgeted.

BUDGET BREAKDOWN:	TOTAL (Federal)
Salaries (100)	$ 4,000
Employee Benefits (200)	$ 116
Purchased Services and Travel (300)	$ 14,384
Supplies & Materials (400)	$ 1,500
Capital Outlay (500)	$ 0
TOTAL	$ 20,000

Please return to Catherine Samulski
South Carolina Department of Education
1429 Senate Street, Room 605
Columbia, SC 29201

000361

ATTACHMENT 8

Revised Bylaws

Bylaws of MLD Higher Learning Association

ARTICLE I-NAME, PURPOSE

Section 1: The name of the organization shall be MLD Higher Learning Association (MLD-HLA) MLD Higher Learning Academy.

Section 2: The MLD-HLA is organized exclusively for educational purposes, more specifically to provide a community oriented learning facility in Lee County, SC where the mission and vision is:

Mission

Working in partnership with parents, elders and the community, MLD Higher Learning Academy offers an academically challenging, developmentally appropriate , experiential, holistic, child-centered education to all young people. We nurture a passion for learning that last a lifetime as we challenge our children to discover their individual gifts, to honor their inner worth, to strive for excellence, to pursue respectful and ethical relationships with themselves and others, and to find their path in life. We will accomplish our goal by establishing academic excellence, providing a moral focus and obtaining parental involvement.

Vision

Our vision is to provide a safe environment where each individual is accepted, supported, valued and challenged to work up to their full potential. MLD Higher Learning Academy will be a major provider of elementary and secondary education in Lee County. As an educational institution responsible for the total development of students, our goal is to enable students to become totally, seamlessly integrated into our society.

ARTICLE II-MEMBERSHIP

Section 1: Membership currently consists of the members of the Charter School Planning Committee. Upon opening of the school, the membership will include teachers, parents and other community leaders.

ARTICLE III – MEETINGS

Section 1: Monthly Meetings. The date of the regular meetings shall be set by the Committee of Directors who shall also set the time and place. The Committee of Directors may elect to have a full Directors' meeting or Sub-committee meeting.

000305

Section 2: Special Meeting. Special meetings may be called by the chair of the Executive Committee.

Section 3. Notice. Notice of each meeting shall be given to each voting member, by mail, not less than ten days before the meeting.

ARTICLE IV – COMMITTEE OF DIRECTORS

Section 1: Committee Role, Size, Compensation. The Committee is responsible for the overall policy and direction of the Association, the delegates responsibility for day-to-day operations to the Committee Chair. The Committee may have up to 21 members. The Committee receives no compensation other than reasonable expenses.

Section 2: Meeting: The Committee shall meet at least once a month (Full Committee or subcommittee Meeting), at an agreed upon time and place.

Section 3: Committee Elections. Election of new directors or election of current directors to a second term will occur as the first item of business at the annual meeting of the association in January. Directors will be elected by a majority vote of the association members. ***All employees of the school and parents are eligible to vote. Parents will receive one ballot for each child enrolled in the school.***

Section 4: Terms. All Committee members shall serve a ONE year term, but will be eligible for re-election.

Section 5: Quorum. A quorum must be attended by at least 75 percent of the Committee members before business can be transacted or motions made or passed.

Section 6: Notice. An official Committee meeting requires that each Committee member have written notice two weeks in advance.

Section 7: Officers and Duties. There shall be four officers of the Committee consisting of a Chair, Vice Chair, Secretary, and Treasurer. The duties are as follows:

The Chair shall convene regular scheduled Committee meetings, shall preside or arrange for other members of the executive committee to preside at each meeting in the following order: Vice-Chair, Secretary and Treasurer.

The Vice-Chair will chair committees on special subjects as designated by the Committee.

The Secretary shall be responsible for keeping records of Committee actions, including overseeing the taking of minutes at all Committee meetings, sending our meeting announcements, distributing copies of minutes and the agenda to each Committee members, and assuring that corporate records are maintained.

The Treasurer shall make a report at each Committee Meeting. Treasurer shall chair the finance committee, assist in the preparation of the budget, help develop fundraising plans, and make financial information available to Committee members and the public.

Section 8: Vacancies. When a vacancy on the Committee exists, nomination for new members may be received from present Committee members by the Secretary two weeks in advance of a Committee meeting. These nominations shall be sent out to Committee members with the regular Committee meeting announcement, to be voted upon at the next Committee meeting. These vacancies will be filled only to the end of the particular Committee member's term.

Section 9: Resignation of Members. Resignation from the Committee must be in writing and received by the Secretary. Any member may resign at any time during the elected service year. Members shall be expected to attend at least seventy-five (75%) of all Governing Body meeting and of all meeting of the committee or committees on which he or she has agreed to serve.

Section 10: Special Meetings. Special meetings of the Committee shall be called upon the request of the Chair or one-third of the Committee. Notices of special meetings shall be sent out by the Secretary to each Committee member postmarked two weeks in advance.

ARTICLE V- COMMITTEES

Section 1: The Committee will create the following subcommittees: curriculum and assessment (Program), finance and fundraising, community relations, facilities and equipment, governance and management. The Committee Chair appoints all subcommittee chairs.

Section 2: The four officers, the committee chairs and the school Administrator shall serve as the members of the Executive Committee. Except for the power to amend the Articles of Incorporation and Bylaws, the Executive Committee shall have all of the powers and authority of the Committee of Directors in the intervals between meetings of the Committee of Directors, subject to the direction and control of the Committee of Directors.

Section 3: Finance and Fundraising Subcommittee: The Treasurer is chair of the Finance and Fundraising Subcommittee, which includes at least four other Committee members. The Finance Subcommittee is responsible for developing and reviewing fiscal procedures, a fundraising plan, and annual budget, and all expenditures must be within the budget. Any major changes in the budget must be approved by the Subcommittee and a Quorum of the Committee of Directors. The fiscal year shall be July 1 to July 30. Annual reports are required to be submitted to the Subcommittee showing income, expenditures and pending income. The financial records of the organization are public information and shall be available to the membership, committee members and the public.

ARTICLE VI – AMENDMENTS

Section 1: These Bylaws may be amended when necessary by a two-thirds majority of the Committee of Directors. Proposed amendments must be submitted to the Secretary to be sent out with regular committee Announcements.

These Bylaws were approved at a meeting of the Committee of Directors of MLD Higher Learning Academy Association Planning Committee on February 13, 2004. Revised May 22, 2004

000389

ATTACHMENT 9

Outline of Lee County School District Pay Scale

SOUTH CAROLINA STATE DEPARTMENT OF EDUCATION
FY 2003 - 2004 STATE MINIMUM SALARY SCHEDULE

YRS	CLASS 3		CLASS 2	CLASS 1	CLASS 7	CLASS 8
EXP	BACHELORS		BACHELORS	MASTERS	MASTERS	DOCTORATE
	DEGREE		plus 18 HRS	DEGREE	plus 30 HRS	
	A	WARRANT	A	A	A	A
0	25,649	25,649	26,790	29,325	31,859	34,395
1	26,207	26,207	27,474	30,085	32,619	35,408
2	26,916	26,916	28,184	30,845	33,381	36,422
3	27,601	27,601	28,869	31,606	34,141	37,436
4	28,311	28,311	29,578	32,366	34,901	38,450
5	28,995		30,262	33,127	35,662	39,465
6	29,705		30,972	33,888	36,422	40,478
7	30,389		31,656	34,648	37,182	41,492
8	31,099		32,366	35,408	37,943	42,506
9	31,784		33,051	36,169	38,703	43,520
10	32,493		33,760	36,929	39,465	44,534
11	33,177		34,445	37,689	40,225	45,547
12	33,888		35,155	38,450	40,985	46,562
13	34,572		35,839	39,211	41,746	47,576
14	35,281		36,549	39,971	42,506	48,590
15	35,966		37,233	40,732	43,266	49,604
16	36,676		37,943	41,492	44,027	50,617
17	37,361		38,628	42,252	44,787	51,631
18	37,831		39,111	42,772	45,332	52,245
19	38,205		39,498	43,196	45,782	52,764
20	38,583		39,889	43,624	46,236	53,288
21	38,965		40,284	44,056	46,693	53,816
22	39,350		40,683	44,492	47,156	54,350

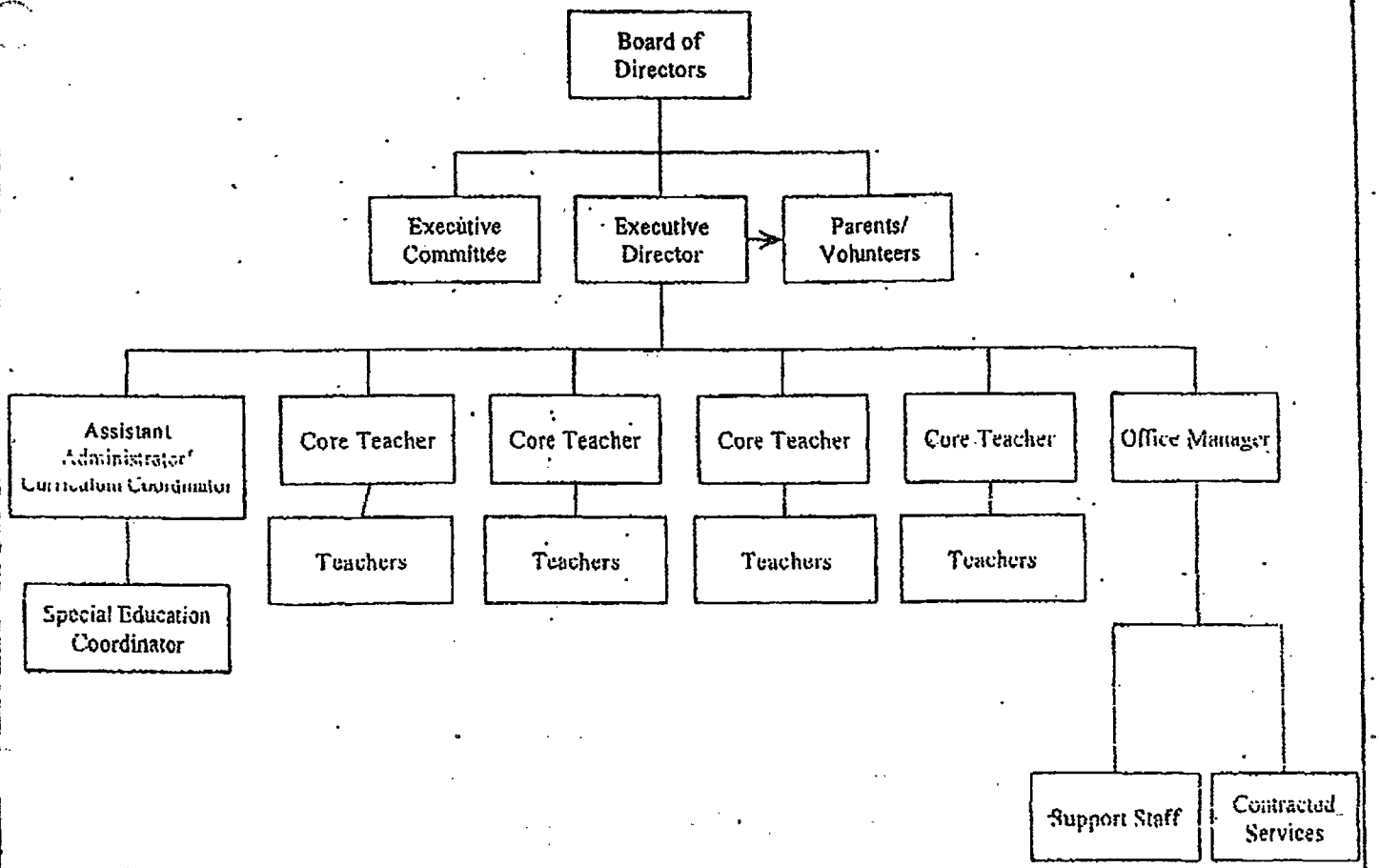
*Special Supplement/All Teachers included:
0-17 years experience.....$300.00
18 years & over experience...$400.00
Lee County Schools

Base - 0.00000
EIA - 0.12938
Total- 0.00655

ATTACHMENT 10

Outline of MLD Higher Learning Academy Organization Chart

ORGANIZATIONAL CHART



MLD Accountability Data

Based on Education Accountability Act Annual Report Cards published on the SCDE Website

AYP

	# Objectives MET		# Objectives NOT MET
	Attendance/ Participation	Academic	
2011	4	0	7
2010	7	1	3
2009	7	0	2
2008	7	0	2
2007	5	0	4
2006	7	0	6

PASS/PACT

% Students Scoring Met or Above

	ELA			Math		
	MLD Elem/Middle	District S=SCPCSD L=Lee Co	Schools w/ Similar Poverty	MLD Elem/Middle	District S=SCPCSD L=Lee Co	Schools w/ Similar Poverty
2011	50.0/21.0	73.3 (S)	65.8/45.0	14.3/21.1	60.1 (S)	60.6/47.9
2010	44.2/45.0	43.4 (L)	64.5/47.4	32.4/11.2	37.4 (L)	57.5/45.4
2009	38.5/27.2	42.4 (L)	64.2/49.9	46.1/14.3	35.9 (L)	57.2/48.0
2008	29.4/14.3	49.0 (L)	68.6/50.7	23.5/16.7	47.0 (L)	62.8/51.6

HSAP

% Second Year Students Passing Both Subtests

	MLD	District S=SCPCSD L=Lee Co	Schools w/ Similar Poverty
2011	16.7	61.4 (S)	49.6
2010	14.3	59.6 (L)	52.5
2009	55.6	57.1 (L)	57.0

High School EOC Exams

% Students Scoring 70% or Above

	MLD	District S=SCPCSD L=Lee Co	Schools w/ Similar Poverty
2011	5.3	55.5 (S)	32.1
2010	21.4	39.4 (L)	33.2
2009	16.0	37.8 (L)	33.5

Positives:

- Elementary PASS ELA has consistently improved over the past 4 years.
- Middle School PASS Math improved significantly in 2011.

Negatives:

- Scores on all tests have been consistently lower than both the district and other schools statewide with a similar poverty rate.
- Most tests have shown declines over the past two or three years.
- The number of objectives NOT MET on AYP has increased over the past three years.
- 37 of the 38 AYP objectives met over the past six years have been for percent tested or attendance rate. Only one was for academic achievement.

8

EXHIBIT 8 4/19/12 CF

PERRAD 800-631-6989

FREE AND REDUCED PRICE SCHOOL MEALS FAMILY APPLICATION

Complete one application per household and one application for each foster child.

Part 1. Children in School

Names of all children in school (First, Middle Initial, Last)	*School Name*	*Grade*	*SNAP (formerly Food Stamp) (not EBT card #) or TANF Case # (if any)*
Harley G. Gillespie	MLD	12	
Audrey T. Gillespie	MLD	7	
Brianna R. Outlaw	MLD	3	
Isabella R. Outlaw	MLD	K-5	

Part 2. If the child you are applying for is a homeless, migrant, or a runaway, check the appropriate box and call (school food service contact) at (phone number). Homeless ☐ Migrant ☐ Runaway ☐

Part 3. Foster Child – *Use a separate application for each foster child.*

If this application is for a child who is the legal responsibility of a welfare agency or court, check this box ☐ and then list the amount of the child's personal use monthly income: $_____. Write "0" if foster child has no personal use income. Skip to Part 5.

Part 4. Total Household Gross Income—You must tell us how much and how often.

A. Name (List everyone in household.)	B. List income. Circle how often it is received. *(A – Annually, M – Monthly, BM - Bi-monthly, W - Weekly, BW - Bi-weekly)* Earnings from work before deductions	Welfare, child support, alimony	Pensions, retirement, Social Security	Other	C. Check if NO Income
1. David S Gillespie	A M BM W (BW) $ 458.00	A M BM W BW $	A M BM W BW $	A M BM W BW $	
2. Becky Evans	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
3. Harley Gillespie	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
4. Audrey Gillespie	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
5. Brianna Outlaw	A M BM W BW $	A M BM (W) BW $ 23.81	A M BM W BW $	A M BM W BW $	
6. Isabella Outlaw	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
7.	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	

Part 5. Signature and Social Security Number (Adult must sign.)

An adult household member must sign the application. If Part 4 is completed, the adult signing the form must also list his or her Social Security Number or mark the "I do not have a Social Security Number" box. (See Privacy Act Statement in parent letter.)

I certify (promise) that all information on this application is true and that all income is reported. I understand that the school will get Federal funds based on the information I give. I understand that school officials may verify (check) the information. I understand that the information provided on this application may be used to verify my household's eligibility for meal benefits in the National School Lunch Program with Medicaid agencies as part of the state's participation in the Medicaid Verification Study. I understand that if I purposely give false information, my children may lose meal benefits, and I may be prosecuted.

Sign here: x David S Gillespie **Print name:** David S. Gillespie

Address: 239 Old Camden Rd **City** Richlandville **Phone Number:** 429-4905

Social Security Number: 251-19-8673 ☐ I do not have a Social Security Number **Date:** 8-17-10

Part 6. Children's racial and ethnic identities (optional)

Mark one or more racial identities:
- ☐ American Indian or Alaska Native
- ☐ Asian
- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☒ White
- ☐ Other: _____

Mark one ethnic identity:
- ☐ Hispanic or Latino
- ☐ Not Hispanic or Latino

Don't fill out this part. This is for district/school use only.

Annual Income Conversion: Weekly x 52 Every 2 Weeks x 26 Twice A Month x 24 Monthly x 12

Total Income: $ 995.24 Per: ☐ Week; ☐ Every 2 Weeks; ☐ Twice a Month; ☐ Month; ☐ Year Household Size: _____

Categorical Eligibility: ____ Date Withdrawn: _____ Eligibility: Free ✓ Reduced ____ Denied ____ Reason: _____

Temporary: Free ____ Reduced ____ Time Period: _____ (expires after ____ days)

Determining Official's Signature: _____ Date: 8/30/2010

Confirming Official's Signature: _____ Date: _____

Verifying Official's Signature: _____ Date: _____

REC - 231

EXHIBIT 9

ENGAD 800-631-6989

C

FREE AND REDUCED PRICE SCHOOL MEALS FAMILY APPLICATION

Complete one application per household and one application for each foster child.

Part 1. Children in School

Names of all children in school (First, Middle Initial, Last)	*School Name*	*Grade*	*SNAP (formerly Food Stamp) (not EBT card #) or TANF Case # (if any)*
Harley G. Gillespie	TMLD	12	
Audrey T. Gillespie	TMLD	7	
Brianna R. Outlaw	TMLD	3	
Isabella R. Outlaw	TMLD	K-5	

Part 2. If the child you are applying for is a homeless, migrant, or a runaway, check the appropriate box and call (school food service contact) at (phone number). Homeless ☐ Migrant ☐ Runaway ☐

Part 3. Foster Child – *Use a separate application for each foster child.*

If this application is for a child who is the legal responsibility of a welfare agency or court, check this box ☐ and then list the amount of the child's personal use monthly income: $_____. Write "0" if foster child has no personal use income. Skip to Part 5.

Part 4. Total Household Gross Income—You must tell us how much and how often.

A. Name (List everyone in household.)	B. List income. Circle how often it is received. *(A – Annually, M – Monthly, BM - Bi-monthly, W - Weekly, BW - Bi-weekly)* Earnings from work before deductions	Welfare, child support, allmony	Pensions, retirement, Social Security	Other	C. Check if NO Income
1. David S. Gillespie	A M BM W BW $ 450	A M BM W BW $	A M BM W BW $	A M BM W BW $	
2. Becky Evans	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
3. Harley G. Gillespie	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
4. Audrey T. Gillespie	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
5. Brianna R. Outlaw	A M BM W BW $	A M BM (W) BW $ 231	A M BM W BW $	A M BM W BW $	
6. Isabella R. Outlaw	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	✓
7.	A M BM W BW $	A M BM W BW $	A M BM W BW $	A M BM W BW $	

Part 5. Signature and Social Security Number (Adult must sign.)

An adult household member must sign the application. If Part 4 is completed, the adult signing the form must also list his or her Social Security Number or mark the "I do not have a Social Security Number" box. (See Privacy Act Statement in parent letter.)

I certify (promise) that all information on this application is true and that all income is reported. I understand that the school will get Federal funds based on the information I give. I understand that school officials may verify (check) the information. I understand that the information provided on this application may be used to verify my household's eligibility for meal benefits in the National School Lunch Program with Medicaid agencies as part of the state's participation in the Medicaid Verification Study. I understand that if I purposely give false information, my children may lose meal benefits, and I may be prosecuted.

Sign here: x David S Gillespie Print name: David Scott Gillespie

Address: 239 Old Camden Rd. City Bishopville Phone Number: 428-4805

Social Security Number: 251-19-8673 ☐ I do not have a Social Security Number Date: 8-19-10

Part 6. Children's racial and ethnic identities (optional)

Mark one or more racial identities:
- ☐ American Indian or Alaska Native
- ☐ Asian
- ☐ Black or African American
- ☐ Native Hawaiian or Other Pacific Islander
- ☒ White
- ☐ Other: _____

Mark one ethnic identity:
- ☐ Hispanic or Latino
- ☐ Not Hispanic or Latino

Don't fill out this part. This is for district/school use only.

Annual Income Conversion: Weekly x 52 Every 2 Weeks x 26 Twice A Month x 24 Monthly x 12

Total Income: $_____ Per: ☐ Week; ☐ Every 2 Weeks; ☐ Twice a Month; ☐ Month; ☐ Year Household Size: _____

Categorical Eligibility: ____ Date Withdrawn: _____ Eligibility: Free___ Reduced___ Denied___Reason: _____

Temporary: Free ____ Reduced ____ Time Period: _____ (expires after ____ days)

Determining Official's Signature: _____ Date: _____

Confirming Official's Signature: _____ Date: _____

Verifying Official's Signature: _____ Date: _____

REC - 232

MLD Higher Learning Academy
921 Roland St, Bishopville, SC 29010, Phone: (803)483-3000
Title 1 School
Mrs. Benita Dinkins-Robinson
Executive Director

March 12, 2012

SC Public Charter School District
MAR 19 2012

South Carolina Public Charter School District
3710 Landmark Drive, Suite 201
Columbia, SC 29204

Dear Dr. Brazell:

Under the Freedom of Information Act, I am requesting copies of all school audits for this school year.

Please forward this information to my attention: Benita Dinkins-Robinson at MLD Higher Learning Academy, Post Office Box 136, Bishopville, SC 29010.

Thank you for your prompt attention to this matter.

Sincerely,

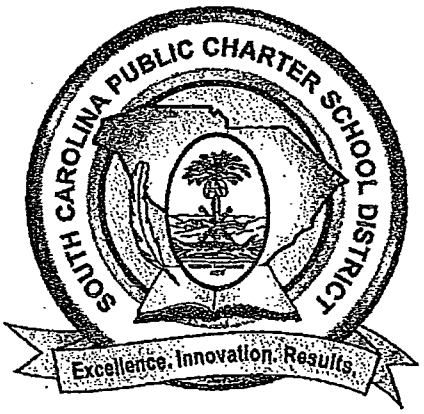
Benita D. Robinson

Benita Dinkins-Robinson
Executive Director

Completed 3/28/2012
E. Michael Johnson

EXHIBIT
10
4/19/12 CF
PENGAD 800-631-6989

The Mary Lee Dinkins Higher learning Academy does not discriminate on the basis of race, gender, disability, age, religion, immigrant status, or national origin in its educational programs and employment practices. For questions pertaining to Section 504 and questions pertaining Title 1X contact The Executive Director Benita Dinkins Robinson at 321 Roland Street, Bishopville, SC 29010, 803/483-3000.



South Carolina Public Charter School District
3710 Landmark Drive, Suite 201
Columbia, SC 29204
803-734-8322

Charter School Name: Mary L. Dunkins Academy

Date: 3-26-2012 Time: 11:55A

This form is to acknowledge receipt of your FOI materials request. Please keep this in your records. Thank you.

Wayne Brazell, PhD
Superintendent

3-26-2012
Date

MLD HIGHER LEARNING ACADEMY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

Phyliss Pearson
919-269-7405

BOARD OF DIRECTORS

JUNE 30, 2011

Elijah Dinkins

Joyce Robinson

Palmela Frazier

Joann Mickens

George Williams

Meliakia Mepherson Ford

Randolph Taylor

MLD HIGHER LEARNING ACADEMY

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PM&P

PETWAY
MILLS &
PEARSON, PA

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Roger G. Mills
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
1014 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
5116 Bur Oak Cr.
Raleigh, NC 27612
919.781.1047
919.781.1052 Fax

Memberships:

North Carolina Association of Certified Public Accountants

American Institute of Certified Public Accountants

Medical Group Management Association

Independent Auditors' Report

Board of Directors
MLD Higher Learning Academy
Bishopville, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of MLD Higher Learning Academy, a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2011, which collectively comprise MLD Higher Learning Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of MLD Higher Learning Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the MLD Higher Learning Academy, as of and for the year ended June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the general and annually budgeted major special revenue funds for the period ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012 on our consideration of MLD Higher Learning Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the MLD Higher Learning Academy. The schedule of revenues, expenditures and changes in the fund balance—general fund and schedule of revenues, expenditures and changes in the fund balance—special revenue fund, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of revenues, expenditures and changes in the fund balance—general fund and schedule of revenues, expenditures and changes in the fund balance—special revenue fund, as well as the accompanying schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

January 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
MLD Higher Learning Academy
June 30, 2011

As management of MLD Higher Learning Academy, we offer readers of MLD Higher Learning Academy's audited financial statements this narrative overview and analysis of the financial activities of MLD Higher Learning Academy for the fiscal year ended June 30, 2011. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

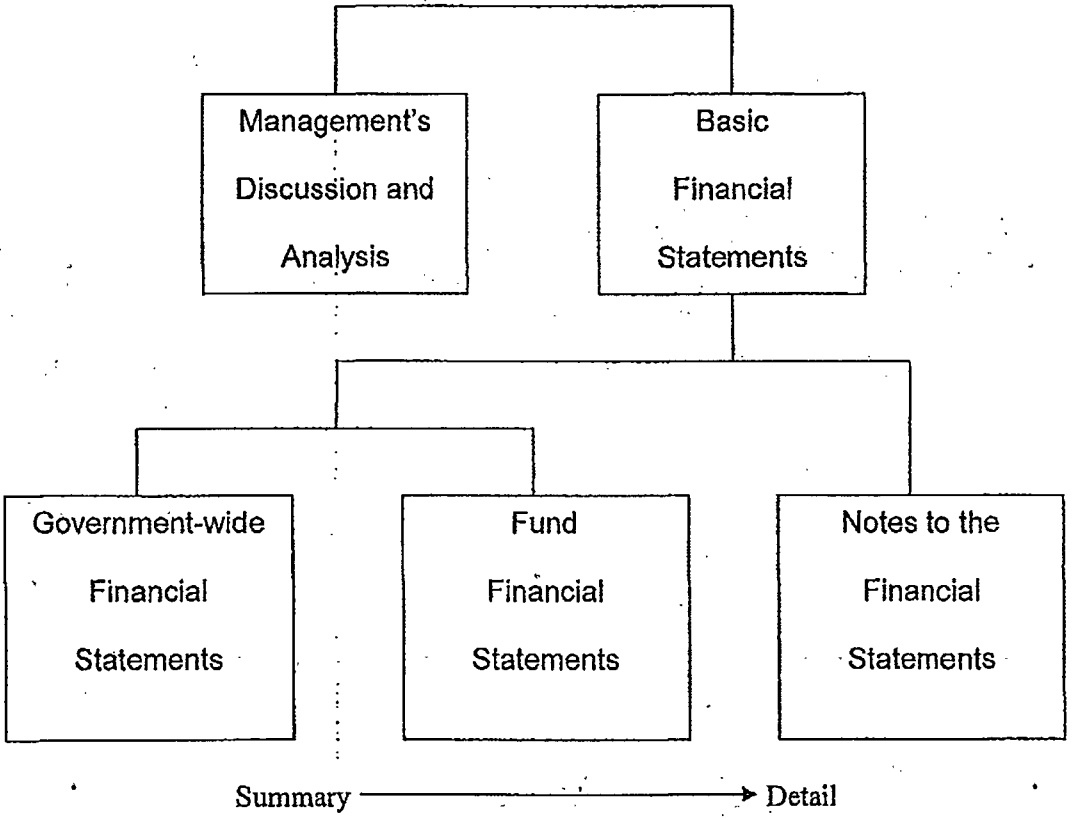
- The assets of MLD Higher Learning Academy exceeded its liabilities at the close of the fiscal year by $445,723 *(net assets)*.
- The school's total net assets decreased by $284,586
- As of the close of the current fiscal year, MLD Higher Learning Academy's net assets totaled $445,723
- The 2010-2011 45-day headcount was 123.
- The 2009-2010 135-day headcount was 121.
- MLD Higher Learning Academy had no long-term debt as of June 30, 2011.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to MLD Higher Learning Academy's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of MLD Higher Learning Academy.

Figure 1

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements.** They provide both short and long-term information about the School's financial standing.

The next statements (Exhibits 3 through 6) are **Fund Financial Statements.** These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets equal the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. These include the Food Service Activities services carried out by MLD Higher Learning Academy.

The government-wide financial statements are enumerated in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. MLD Higher Learning Academy, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the School's budget ordinance, where and when applicable. All of the funds of MLD Higher Learning Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

MLD Higher Learning Academy has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as originally planned.

Proprietary Funds – MLD Higher Learning Academy has one proprietary fund, which is an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. MLD Higher Learning Academy uses enterprise funds to account for its Student Nutrition functions.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 8 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The assets of MLD Higher Learning Academy exceeded liabilities by $445,723 as of June 30, 2011. $310,692 reflects the School's investment in capital assets (e.g. furniture and fixtures, and equipment), less any related debt still outstanding that was issued to acquire those items. MLD Higher Learning Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although MLD Higher Learning Academy's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of $135,031 is unrestricted.

Figure 2
MLD Higher Learning Academy's Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Current and other assets	135,031	$ 241,561
Capital assets, net of depreciation	310,692	348,933
Total assets	445,723	590,494
Total liabilities	25,472	17,005
Total liabilities	25,472	17,005
Invested in capital assets, net of related debt	310,692	348,933
Unrestricted	285,220	224,556
Total net assets	445,723	$ 590,494

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net assets:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

Figure 3
MLD Higher Learning Academy's Changes in Net Assets

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010	Governmental Activities 2011	Business-Type Activities 2011	Total 2011
Donations and Other Revenues	29,130		29,130	13,743		13,743
Charges for Services						
County, State, and Federal Funds	830,002	169,137	999,139	738,183	352,452	1,090,635
Total revenues	859,132	169,137	999,139	751,926	352,452	1,104,378
Instructional Programs	357,015		357,015	505,554		505,554
Support services	468,562		468,562	446,092		446,092
School food service		69,660	69,660		437,318	437,318
Total expenses	825,577	69,660	895,237	951,646	437,318	1,388,964
Transfers	184,631	(184,631)		(84,866)	84,866	
Increase (Decrease) in net assets	218,186	(85,154)	133,032	(284,586)	0	(284,586)
Net assets, July 1	355,303	85,154	440,457	573,489	0	573,489
Prior Period Adustment						156,820
Net assets, June 30	573,489		573,489	288,903	3	445,723

Governmental activities. Governmental activities decreased the School's net assets by ($286,586).

Business-type activities. Business-type activities increased MLD Higher Learning Academy's net assets by $0.

Financial Analysis of the School's Funds

As noted earlier, MLD Higher Learning Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of MLD Higher Learning Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing MLD Higher Learning Academy's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Capital Asset and Debt Administration

Capital assets. MLD Higher Learning Academy's investment in capital assets for its governmental activities as of June 30, 2011, totals $310,692 (net of accumulated depreciation). Capital assets include building improvements and equipment.

Figure 4
MLD Higher Learning Academy's Capital Assets
(net of depreciation)

	Governmental Activities 2010	Governmental Activities 2011	Balance June 30 2011
Equipment and other	53,215	(25,022)	28,193
Building Improvements	294,587	(12,896)	281,691
Vehicles	1,131	(323)	808
Total	348,933	(38,241)	310,692

Additional information about the School's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2011, MLD Higher Learning Academy had no long-term debt.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- MLD Higher Learning Academy continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School continues to seek both federal and private grant funds to supplement its EFA funding.
- The School continues to work on upgrading it's facility on Gregg Street in order to give our students the most modern facility to assist in their educational experience.
- The school has moved from its sponsorship from Lee County to the South Carolina Public Charter School District in an effort to increase student performance through guidance from the District.
- The school saw a significant increase in its EFA funding for the fiscal year 2012.
- The school is working closely with the auditors to improve their handling of financial matters.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, MLD Higher Learning Academy, 124 Gregg Street, Bishopville, SC 29210, telephone number (803) 483-3000.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 16,798	$ -	$ 16,798
Accounts receivable	143,705	-	143,705
Total current assets	160,503	-	160,503
Non-current assets:			
Capital assets	512,572	-	512,572
Less: accumulated depreciation	(201,880)	-	(201,880)
Total non-current assets	310,692	-	310,692
Total assets	$ 471,195	$ -	$ 471,195
Liabilities:			
Current liabilities:			
Accounts payable -trade	$ 25,472	$ -	$ 25,472
Unearned revenue	-	-	-
Total current liabilities	25,472	-	25,472
Net assets			
Invested in capital assets	310,692	-	310,692
Unassigned	135,031	-	135,031
Total net assets	$ 445,723	$ -	$ 445,723

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (expense) revenue and changes in net assets Governmental Activities	Business-type Activities	Total
Governmental activities:					
Instruction	$ 505,554	$ 738,183	$ 232,629		$ 232,629
Support services	446,092	-	(446,092)		(446,092)
Total governmental activities	951,646	738,183	(213,463)		(213,463)
Business-type activities					
Student nutrition	437,318	352,452		$ (84,866)	(84,866)
Total business-type activities	437,318	352,452		(84,866)	(84,866)
Total	$ 1,388,964	$ 1,090,635	(213,463)	(84,866)	(298,329)
General revenues:					
Miscellaneous			13,743	-	13,743
Transfers			(84,866)	84,866	-
Total general revenues			(71,123)	84,866	13,743
Change in net assets			(284,586)	-	(284,586)
Net assets, beginning, as previously stated			573,489	-	573,489
Prior period adjustment			156,820	-	156,820
Net assets, beginning, as restated			730,309	-	730,309
Net assets, ending			$ 445,723	$ -	$ 445,723

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
BALANCE SHEET GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Revenue Fund: Special Projects	Special Revenue Fund: Education Improvement Act	Total
Assets				
Cash and cash equivalents	$ 16,798	$ -	$ -	$ 16,798
Accounts receivable	143,705	-	-	143,705
Due from employee	-	-	-	-
Total assets	$ 160,503	$ -	$ -	$ 160,503
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	$ 25,472	$ -	$ -	$ 25,472
Unearned revenue	-	-	-	-
Total liabilities	25,472	-	-	25,472
Fund balances:				
Unassigned	135,031	-	-	135,031
Total fund balances	135,031	-	-	135,031
Total liabilities and fund balances	$ 160,503	$ -	$ -	
Total governmental fund balance				$ 135,031
Amounts reported for governmental activities are different because of the following:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:				
Cost of capital assets				512,572
Accumulated depreciation				(201,880)
Net assets of governmental activities				$ 445,723

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General	Special Revenue Fund		Total
		Special Projects	Education Improvement Act	
Revenues:				
Local sources	$ 13,743	$ -	$ -	$ 13,743
State sources	439,923	13,496	79,242	532,661
Federal sources	-	205,522	-	205,522
Total revenues	453,666	219,018	79,242	751,926
Expenditures:				
Current:				
Instructional programs	202,786	202,641	79,101	484,528
Support services	374,333	3,204	141	377,678
Capital outlay	51,199	-	-	51,199
Total expenditures	628,318	205,845	79,242	913,405
Net change in fund balances, before transfers	(174,652)	13,173	-	(161,479)
Transfers	(71,693)	(13,173)	-	(84,866)
Net change in fund balances, after transfers	(246,345)	-	-	(246,345)
Fund balances, beginning, as previously stated	224,556	-	-	224,556
Prior period adjustment	156,820	-	-	156,820
Fund balances, beginning, as restated	381,376	-	-	381,376
Fund balances, ending	$ 135,031	$ -	$ -	$ 135,031

Total change in fund balances – governmental funds	$ (246,345)
Amounts reported for governmental activities in the statement of activities are different because: Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period:	
Capital outlays	51,199
Depreciation expense	(89,440)
Change in net assets of governmental activities	$ (284,586)

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	Enterprise Fund-Student Nutrition	Total
Assets:		
Current assets:		
Cash and cash equivalents	$ -	$ -
Accounts receivable	-	-
Total current assets	-	-
Non-current assets:		
Capital assets	-	-
Less: accumulated depreciation	-	-
Total non-current assets	-	-
Total assets	$ -	$ -
Liabilities:		
Current liabilities:		
Accounts payable -trade	$ -	$ -
Unearned revenue	-	-
Total current liabilities	-	-
Net assets		
Invested in capital assets	-	-
Unassigned	-	-
Total net assets	$ -	$ -

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type activities
	Enterprise Fund-Student Nutrition
OPERATING EXPENSES	
Salaries and employee benefits	$ 12,082
Food costs	33,046
Supplies and materials	1,637
Contracted food services	390,553
Total operating expenses	437,318
Operating loss	(437,318)
NON-OPERATING REVENUES	
USDA reimbursements	352,452
Total non-operating revenues	352,452
Change in net assets before transfers	(84,866)
Transfers	84,866
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	$ -

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type activities
	Enterprise Fund-Student Nutrition
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers for goods and services	$ (425,236)
Cash paid to or on behalf of employees for services	(12,082)
Net cash used for operating activities	(437,318)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
USDA reimbursements received	352,452
Transfers from other funds	84,866
Net cash provided by noncapital financing activities	437,318
Net change in cash and cash equivalents	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ (437,318)
Total adjustments	-
Net cash provided by operating activities	$ (437,318)

Noncash investing, capital and financing activities:
None

The accompanying notes are an integral part of these financial statements.

MLD HIGHER LEARNING ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MLD Higher Learning Academy (the Academy) is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The Academy was chartered on February 27, 2004, and began operations in August 2005. The Academy currently operates within the South Carolina Public Charter School District. The Academy serves approximately 140 students grades K through 12 in Lee County, South Carolina.

A. Reporting entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The Academy is a component unit of the South Carolina Public Charter School District, Columbia, South Carolina.

B. Basis of presentation

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with nor contradict GASB pronouncements.

The statements of the Academy are presented as follows:

Government-wide financial statements – The statement of net assets and the statement of activities display information about the Academy as a whole. These statements include the financial activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. The Academy's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues fro each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing, or draws from the general revenues of the Academy.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. **Basis of presentation – (Continued)**

Fund financial statements – Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Academy has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

C. **Measurement focus and basis of accounting**

Fund accounting

The Academy uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal and compliance and to aid management by segregating transactions related to certain Academy functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Academy are grouped into the categories governmental and proprietary.

Governmental funds

Governmental funds focus on the sources, and uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds and according to the purposes for which they may, or must, be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The general fund and special revenue fund are the Academy's major governmental funds and are described as follows:

General fund – to account for all financial transactions not properly accounted for in another fund. The Academy uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

Special revenue funds – to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The Academy has two special revenue funds:

1. The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
2. Special projects fund, a budgeted fund used to account for financial resources provided by federal, state and local projects and grants.

Proprietary funds

Proprietary funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. **Measurement focus of and basis of accounting** – (Continued)

Proprietary funds (Continued)

Within proprietary funds, operating revenues and expenses are presented in the statement of revenue, expenses and changes in fund net assets. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the Academy's enterprise fund. Operating expenses are necessary costs incurred to provide the goods ore services that are the primary activity of the fund. A description of enterprise funds follows:

Enterprise funds – to account for operations (a)that are financed and operated in a manner where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b)where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The student nutrition services fund is the Academy's only enterprise fund and is used to account for the Academy's breakfast and lunch programs.

Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to the collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy, available means expected to be received within sixty days of the fiscal year-end.

The Academy follows GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transaction*, to account for non-exchange revenues. Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

Deferred 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 deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. **Assets, liabilities and net assets/fund balances**

Cash – The Academy may have cash presented on the financial statements which includes cash held in local financial institutions.

Receivables and payables – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered or between the academy and the School District. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds", "due to other funds" or accounts receivables on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for accounts receivable from the School District.

Capital assets – Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are stated at cost or, if donated, at estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

Description	Governmental Activities Estimated Lives
Equipment and other	3 – 5 years
Leasehold improvements	10 years
Vehicles	7 years

Fund balances and net assets

Net assets. Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt, if any; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.

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

The governmental fund types classify fund balances as follows:

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

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

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

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

(Continued)

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Principal will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. Donor contributions restricted to scholarships are used as instructed by the donors. The Principal has the authority to deviate from this policy if it is in the best interest of the Academy.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the Academy's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS

The Academy is authorized by South Carolina state law to invest in the following types of investments:

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 they are guaranteed by the Federal Deposit Insurance Corporation (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 certificate 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).
6. Repurchase agreements.

At June 30, 2011, the carrying amount of the Academy's deposits was $16,798 and the bank balance was $48,154.

Custodial credit risk – Custodial credit risk is the risk that the Academy's deposits will not be returned to it. The Academy has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to $250,000 for all interest bearing accounts per bank, and noninterest bearing accounts are 100% insured. At June 30, 2011 the Academy had no cash balances on deposit with banks that exceeded the balance insured by the FDIC.

Interest rate risk – The Academy does not have a formal investment policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(Continued)

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental activities				
Equipment and other	$ 104,890	$ -	$ -	$ 104,890
Leasehold improvements	353,983	51,199	-	405,182
Vehicles	2,500	-	-	2,500
Total capital assets, being depreciated	461,373	51,199	-	512,572
Less accumulated depreciation				
Equipment and other	(51,675)	(25,022)	-	(76,697)
Leasehold improvements	(59,396)	(64,095)	-	(123,491)
Vehicles	(1,369)	(323)	-	(1,692)
Total accumulated depreciation	(112,440)	(89,440)	-	(201,880)
Governmental activities capital assets, net	$ 348,933	$ (38,241)	$ -	$ 310,692

Depreciation expense was charged to governmental functions as follows:

Instructional programs	$ 21,026
Support services	68,414
Total depreciation expense	$ 89,440

NOTE 4 – TRANSFERS FROM AND TO OTHER FUNDS

During the course of normal operations, the Academy has transactions between funds to provide services, purchase assets, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2011, consisted of the following individual fund amounts:

	Transfers In	Transfers Out
General fund	$ -	$ 71,693
Special projects	-	13,173
Education Improvement Act	-	-
Proprietary fund	84,866	-
	$ 84,866	$ 84,866

The Academy has not allocated any indirect costs to the Food Service Program. During the year, the Academy transferred fund balance from the General Fund to the Food Service Fund to cover costs associated with the Food Service Program.

(Continued)

NOTE 5 – OPERATING LEASE

The Academy leases its facilities under two operating leases that expire June 30, 2014 and December 31, 2015. The School paid $58,200 in rent payments in 2011. The minimum annual lease commitment under these operating leases for the years following June 30, 2011 are as follows:

2011 - 2012	$ 58,200
2012 - 2013	58,200
2013 - 2014	58,200
2014 - 2015	24,600

NOTE 7 – CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

The Academy is by law, a public school. The operations of the Academy are subject to administrative directives, rules and regulations of its federal and state funding services. Such directions and funding levels are subject to change with little notice. If the Academy's funding levels are significantly impacted by continued reductions in federal and state funding, it may adversely affect the Academy's ability to continue as a going concern.

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets and errors and omissions. The Academy pays premiums to the State Accident Fund for all forms of coverage. The State Accident Fund promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Board Chair, Executive Director and certain employees of the Academy are related.

NOTE 10 – SUBSEQUENT EVENTS

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

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2011, the School discovered prior year revenue was not recorded. A prior period adjustment in the amount of $156,820 has been made at the fund level to correct this error.

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2011

			Budget	Actual	Variance from Final Budget
Revenues:					
1000	Revenue from local sources:				
1900	Other revenue from local sources				
1920	Contributions & donations from private sources		$ 2,097	$ 2,009	$ (88)
1990	Miscellaneous local revenue		-	10,234	10,234
1999	Revenue from other local sources		1,500	1,500	-
	Total local sources		3,597	13,743	10,146
3000	Revenue from state sources:				
3100	Restricted State Funding				
3180	Fringe Benefits Employer Contributions		85,386	85,386	-
3300	Education finance act				
3310	Full-time Programs				
3313	Elementary		350,270	351,431	1,161
3500	Education Improvement Act				
3550	Teacher salary increase		2,563	2,563	-
3555	School employer contributions		545	545	-
	Total state sources		438,764	439,925	1,161
	Total revenue		442,361	453,668	11,307
Expenditures					
100	Instructional programs				
110	General instruction				
100	Salaries		176,008	93,156	82,852
200	Employee benefits		43,074	27,970	15,104
300	Purchased services		78,781	58,098	20,683
400	Supplies and materials		50,742	5,929	44,813
			348,605	185,153	163,452
127	Learning disabilities				
100	Salaries		-	8,420	(8,420)
200	Employee benefits		-	733	(733)
300	Purchased services		18,200	590	17,610
			18,200	9,743	8,457
175	Instructional programs beyond regular school day				
300	Purchased services		14,110	7,890	6,220
			14,110	7,890	6,220
	Total instruction		380,915	202,786	178,129

(Continued)

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2011

			Budget	Actual	Variance from Final Budget
Expenditures, Continued					
200		Support services			
	215	Exceptional program services			
	300	Purchased services	-	750	(750)
			-	750	(750)
	221	Improvement of instruction curriculum development			
	100	Salaries	17,181	-	17,181
	200	Employee benefits	2,293	824	1,469
	300	Purchased services	-	1,607	(1,607)
			19,474	2,431	17,043
	224	Improvement of instruction in service and staff training			
	300	Purchased services	3,859	1,775	2,084
			3,859	1,775	2,084
	231				
	300	Purchased services	29,500	26,036	3,464
	600	Other object	10,105	4,625	5,480
			39,605	30,661	8,944
	233	School administration			
	100	Salaries	85,020	71,196	13,824
	200	Employee benefits	11,210	7,484	3,726
	300	Purchased services	51,772	42,290	9,482
	400	Supplies and materials	11,000	11,101	(101)
	500	Capital outlay	1,500	51,199	(49,699)
			160,502	183,270	(22,768)
	252	Fiscal services			
	300	Purchased services	20,000	20,000	-
	600	Fees	100	160	(60)
			20,100	20,160	(60)
	253	Facilities acquisition and construction			
	500	Capital outlay	62,933	11,334	51,599
			62,933	11,334	51,599

(Continued)

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2011

			Budget	Actual	Variance from Final Budget
Expenditures, Continued					
254		Operation and maintenance of plant			
	100	Salaries	3,000	3,200	(200)
	200	Employee benefits	733	695	38
	300	Purchased services	96,582	99,090	(2,508)
	400	Supplies and materials	39,500	37,383	2,117
			139,815	140,368	(553)
255		Student transportation			
	300	Purchased services	5,500	6,353	(853)
	400	Supplies and materials	8,125	8,699	(574)
			13,625	15,052	(1,427)
258		Security			
	300	Purchased services	500	840	(340)
			500	840	(340)
236		Information services			
	350	Purchased services	3,000	1,828	1,172
			3,000	1,828	1,172
266		Technology and data processing services			
	300	Purchased services	2,000	2,000	-
			2,000	2,000	-
271		Pupil service activities			
	600	Pupil activity	9,000	15,065	(6,065)
			9,000	15,065	(6,065)
		Total support services	474,413	425,534	48,879
		Total expenditures	855,328	628,320	227,008

(Continued)

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance from Final Budget
Other financing sources and (uses)			
Transfer from special projects fund	-	13,173	(13,173)
Transfer to proprietary fund	-	(84,866)	84,866
Total other financing sources and uses	-	(71,693)	71,693
Excess (deficiency) of revenues over (under) expenditures and other financing sources	$ (412,967)	(246,345)	$ (166,622)
Fund balance, beginning of year		224,556	
Prior period adjustment		156,820	
Fund balance - beginning, as restated		381,376	
FUND BALANCE, END OF YEAR		$ 135,031	

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2011

			Title I (BA Projects) (201)	Other Designated Restricted State Grants (300s/900s)	Other Special Revenue Programs (200s/800s)	Total
REVENUES						
3000	Revenue from state sources					
	3120	General education				
		3123 Formative assessment	$ -	$ 323	$ -	$ 323
	3500	Education Improvement Act				
		3588 Maintenance and fiscal effort	-	13,173	-	13,173
		Total state sources	-	13,496	-	13,496
4000	Revenue from federal sources					
	4300	Elementary & Secondary Education Act of 1965 (ESEA)				
		4310 Title I	184,150	-	-	184,150
		4350 Federal Stabilization	-	-	11,562	11,562
	4500	Programs for children with disabilities				-
		4510 IDEA	-	-	9,810	9,810
		Total federal sources	184,150	-	21,372	205,522
		Total revenue	184,150	13,496	21,372	219,018

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2011

				Title I (BA Projects) (201)	Other Designated Restricted State Grants (300s/900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES							
100 Instruction							
	110 General instruction						
	112	Primary programs					
		400	Supplies and materials	-	-	169	169
				-	-	169	169
	113	Elementary programs					
		100	Salaries	-	-	4,200	4,200
		200	Employee Benefits	-	-	800	800
				-	-	5,000	5,000
	127	Learning Disabilities					
		300	Purchased services	-	-	3,300	3,300
				-	-	3,300	3,300
			Total instruction	-	-	8,469	8,469
200 Support services							
	210 Pupil services						
		211 Attendance and Social Work Services					
		100	Salaries	96,885	-	-	96,885
		200	Employee Benefits	10,587	-	-	10,587
		300	Purchased services	35,915	13,173	350	49,438
		400	Supplies and materials	29,413	-	-	29,413
				172,800	13,173	350	186,323
	215	Exceptional Program Services					
		300	Purchased services	-	-	9,810	9,810
				-	-	9,810	9,810

MLD HIGHER LEARNING ACADEMY
BISHOPVILLE, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2011

		Title I (BA Projects) (201)	Other Designated Restricted State Grants (300s/900s)	Other Special Revenue Programs (200s/800s)	Total
220	Instructional Staff Services				
221	Improvement of instruction - curriculum development				
300	Purchased services	-	-	2,854	2,854
		-	-	2,854	2,854
250	Finance and Operations Services				
252	Fiscal Services				
100	Salaries	-	-	9,479	9,479
200	Employee Benefits	-	-	2,083	2,083
		-	-	11,562	11,562
	Total support services	172,800	13,173	24,576	210,549
	Total expenditures	172,800	13,173	33,045	219,018
	Revenues over expenditures	11,350	323	(11,673)	-
	Fund balance, beginning	-	-	-	-
	Fund balance, ending	$ 11,350	$ 323	$ (11,673)	$ -

MLD HIGHER LEARNING ACADEMY
EDUCATION IMPROVEMENT ACT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011

			Actual
REVENUES			
3000	Revenue from state sources		
3500	Education Improvement Act		
3511	Professional Development		$ 141
3532	National Board Certification salary supplement		9,070
3538	Students at Risk of School Failure		5,287
3540	Early Childhood Programs		62,696
3542	Preschool Programs for Children		1,850
3568	Reading		298
	Total Revenues		79,242
EXPENDITURES			
100	Instruction		
110	General Instruction		
112	Primary programs		
400	Supplies and materials		75
			75
113	Elementary programs		
100	Salaries		52,426
200	Employee Benefits		1,571
400	Supplies and materials		5,585
			59,582
135	Preschool Handicapped		
300	Purchased services		1,850
			1,850
139	Early childhood programs		
300	Purchased services		8,025
400	Supplies and materials		1,555
500	Capital outlay		8,014
			17,594
	Total instruction		79,101
200	Support services		
224	Staff development and training		
300	Purchased services		141
			141
	Total support services		141
	Total expenditures		79,242
	Revenues over expenditures		-
	Fund balance, beginning		-
	Fund balance, ending		$ -

MLD HIGHER LEARNING ACADEMY
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
YEAR ENDED JUNE 30, 2011

Subfund	Revenue	Programs	Revenues	Expenditures
933	3123	Formative Assessment	$ 323	$ 323
960	3588	Maintenance of Fiscal Effort	13,173	-
			$ 13,496	$ 323

MLD HIGHER LEARNING ACADEMY
EDUCATION IMPROVEMENT ACT FUND SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2011

			Revenues	Expenditures
3500	Education Improvement Act			
	3511	Professional Development	$ 141	$ 141
	3532	National Board Certification salary supplement	9,070	9,070
	3538	Students at Risk of School Failure	5,287	5,287
	3540	Early Childhood Programs	62,596	62,596
	3542	Preschool Programs for Children	1,850	1,850
	3558	Reading	298	298
			$ 79,242	$ 79,242

MLD HIGHER LEARNING ACADEMY
DETAILED SCHEDLE OF DUE TO STATE DEPARTMENT
OF EDUCATION/FEDERAL GOVERNMENT
JUNE 30, 2011

Program	Grant or Project Number	Revenue Code	Description	Amount Due	Status of Amount Due
None					

MLD HIGHER LEARNING ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I. – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:

Material weakness(es) identified?	X yes	____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X yes	____ none reported
Noncompliance material to financial statements noted	X yes	____ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	X yes	____ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes	X none reported

Type of auditors' report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	X yes	____ no

Identification of major federal programs:

CFDA No.	Program Name
10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs $300,000

Auditee qualified as a low-risk auditee? ____ yes X no

PM&P

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MILLS &
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American Institute of Certified Public Accountants

Medical Group Management Association

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

Board of Directors
MLD Higher Learning Academy
Bishopville, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the MLD Higher Learning Academy as of and for the year ended June 30, 2011, which collectively comprises the MLD Higher Learning Academy's basic financial statements and have issued our report thereon dated January 18, 2012. 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 of America.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of MLD Higher Learning Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the MLD Higher Learning Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weakness. Findings 11-1 and 11-2.

A significant deficiency is a deficiency or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. Findings 11-1, 11-2 and 11-3.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the MLD Higher Learning Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 11-1, 11-2 and 11-3.

MLD Higher Learning Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit MLD Higher Learning Academy's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petway, Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

January 18, 2012

PM&P

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON A FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
MLD Higher Learning Academy
Bishopville, South Carolina

COMPLIANCE

We have audited the compliance of MLD Higher Learning Academy, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. MLD Higher Learning Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of MLD Higher Learning Academy's management. Our responsibility is to express an opinion on MLD Higher Learning Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MLD Higher Learning Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MLD Higher Learning Academy's compliance with those requirements.

As described in Finding 11-1 in the accompanying schedule of findings and questioned costs, MLD Higher Learning Academy did not comply with requirements regarding verification of approved applications for free and reduced price meals that are applicable to the Child Nutrition Cluster programs. Compliance with such requirements is necessary, in our opinion, for MLD Higher Learning Academy to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, MLD Higher Learning Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

INTERNAL CONTROL OVER COMPLIANCE

The management of MLD Higher Learning Academy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and

performing our audit, we considered MLD Higher Learning Academy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MLD Higher Learning Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item Finding 11-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 11-1 to be a significant deficiency.

MLD Higher Learning Academy's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion the response.

This report is intended solely for the information and use of the board of directors, management, others within the entity, federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

January 18, 2012

MLD HIGHER LEARNING ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II. – FINANCIAL STATEMENT FINDINGS

US Department of Agriculture, Child Nutrition Cluster, CFDA No. 10.555 and 10.559
Material Weakness

11-1	Criteria:	The School must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals.
	Condition:	Verification of approved applications is not documented and therefore the School has no physical support to indicate that the verification took place.
	Effect:	It can not be readily determined that the verification process has taken place due to the lack of supporting documentation.
	Cause:	The School does not maintain documentation to support the verification of applications approved for free and reduced price meals.
	Recommendation:	The School should maintain documentation to support the verification of applications approved for free and reduced price meals.
	Views/ planned corrective actions:	The School will maintain documentation to support the verification of applications approved for free and reduced price meals.

Material Weakness

11-2	Criteria:	A strong financial management system provides for proper segregation of duties, written requisition policies and competitive bids.
	Condition:	Expenses are approved by the Executive Director without a compensating review by Board members. Written requisition policies have not been prepared and the competitive bid process has not been documented.
	Effect:	Duties are not properly segregated, clear instructions are not provided for purchasing decision-making and competitive bidding is not documented.
	Cause:	The financial management system has not been properly designed.
	Recommendation:	Expenses should be approved by the Executive Director and two Board members should sign all checks to establish and document segregation of duties. A requisition policy should be prepared and should include procedures that require competitive bidding.

Views/ planned corrective actions: The School will implement a policy requires the Executive Director to approve all checks and two Board members to sign all checks. A written requisition policy will be prepared and implemented.

Significant Deficiency

11-3 Criteria: Internal controls over financial reporting should be in place to provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles. In addition, internal controls over posting journal entries should be in place to provide reasonable assurance that posted journal entries are properly prepared, approved and supported by appropriate documentation. Financial statements should be sufficently detailed to permit the Board to adher to its annually adopted budget and to avoid budget overages.

Condition: Management relies heavily on the third party bookkeeper to prepare the financial statements in accordance with generally accepted accounting principles and make related journal entries.

Effect: A material misstatement to the financial statements could occur and not be prevented or detected and corrected by the School's internal control. The School could overspend in budget categories and operate at a deficit.

Cause: Management responsible for the accounting and reporting functions is not trained to prepare financial statements or post accrual adjustments in accordance with generally accepted accounting principles.

Recommendation: Consideration should be given to requiring management to attend or obtain additional training in this area.

Views/ planned corrective actions: The Board of Director considers the risk tolerable when compared to the cost of implementing a mitigating control.

SECTION III. – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

US Department of Agriculture, Child Nutrition Cluster, CFDA No. 10.555 and 10.559
Material Weakness

See Finding 11-1 above.

MLD HIGHER LEARNING ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II. – FINANCIAL STATEMENT FINDINGS

Finding: 11-1

Name of Contact Person: Benita Dinkins-Robinson, Executive Director

Corrective Action: The School will maintain documentation to support the verification of applications approved for free and reduced price meals.

Proposed Completion Date: June 30, 2012

Finding: 11-2

Name of Contact Person: Board of Directors

Corrective Action: The School will implement a policy that all expenses are approved by a the Executive Directors and all checks are signed by two Board members. A written requisition policey will be prepared.

Proposed Completion Date: June 30, 2012

Finding: 11-3

Name of Contact Person: Benita Dinkins-Robinson, Executive Director and Board of Directors

Corrective Action: Management and the Board of Director will reassess related risks at least annually and compare to the cost of implementing mitigating controls.

Proposed Completion Date: June 30, 2012

SECTION III. – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

US Department of Agriculture, Child Nutrition Cluster, CFDA No. 10.555 and 10.559
Material Weakness

See Finding 11-1 above.

MLD HIGHER LEARNING ACADEMY
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Finding: 2010 B.1

Status: The Board of Directors has instituted a policy requiring that before any manual checks are written they must first be approved by the Board. This finding is resolved.

Finding: 2010 B.2

Status: The Board of Directors has instituted a policy that all of the Executive Director's expenses must be approved by the Board prior to payment. This finding is resolved.

Finding: 2010 B.3

Status: The Board of Directors has not implemented controls to ensure that segregation of duties over disbursements are adequate. This is a repeat finding. See Finding 11-2.

Finding: 2010 B.4

Status: The Board of Directors has not implemented controls to ensure that financial statements are prepared in accordance with generally accepted accounting principles and that material misstatements will be prevented or detected and corrected by those controls. This is a repeat finding. See Finding 11-3.

Finding: 2010 B.5

Status: Management has not implemented a control that requires the monthly review of journal entries. This is a repeat finding. See Finding 11-3.

MLD HIGHER LEARNING ACADEMY
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE:			
US Department of Education			
Passed-through SC Department of Education			
Title I, Part A Cluster			
Title I Basic Funding	84.010	200-201	$ 172,800
Total Title I, Part A Cluster			172,800
Title I School Improvement Cluster			
Title I School Improvement	84.010-A	200-237	11,350
Total Title I, School Improvement Cluster			11,350
Special Education Cluster			
IDEA VI-B Handicapped Grant	84.027	200-203	9,810
Total Special Education Cluster			9,810
ARRA-Education Stabilization Funds	84.394	200-250	11,562
Total US Department of Education			205,522
US Department of Agriculture			
Passed through SC Department of Health and Nutrition			
Child Nutrition Cluster			
National School Lunch Program	10.555	NA	309,182
Summer Food Service Program for Children	10.559	NA	43,270
Total Child Nutrition Cluster			352,452
Total US Department of Agriculture			352,452
TOTAL FEDERAL CASH ASSISTANCE			557,974
SOUTH CAROLINA STATE GRANTS:			
CASH ASSISTANCE			
Restricted State Funding		XXXX	85,708
Education Finance Act		XXXX	351,430
Education Improvement Act		XXXX	95,523
TOTAL STATE CASH ASSISTANCE			532,661
TOTAL FEDERAL AND STATE CASH ASSISTANCE			$ 1,090,635

Note to the Schedule of Expenditures of Federal and State Awards:
Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of MLD Higher Learning Academy and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

PALMETTO SCHOLARS ACADEMY

NORTH CHARLESTON, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION, OTHER SUPPLEMENTARY FINANCIAL INFORMATION, AND INDEPENDENT AUDITORS' REPORT

McCay, Kiddy & Associates, LLC
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Mount Pleasant, SC 29464
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PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
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PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Palmetto Scholars Academy
North Charleston, South Carolina

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Palmetto Scholars Academy, a component unit of South Carolina Public Charter School District, as of June 30, 2011 and for the year ended, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Palmetto Scholars Academy, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, on our consideration of Palmetto Scholars Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 26 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Palmetto Scholars Academy's basic financial statements. The other supplementary financial information on pages 28 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McCay, Kiddy & Associates, LLC

October 11, 2011

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011

As management of Palmetto Scholars Academy, we offer readers of Palmetto Scholars Academy's audited financial statements this narrative overview and analysis of the financial activities of Palmetto Scholars Academy for the fiscal year ended June 30, 2011. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

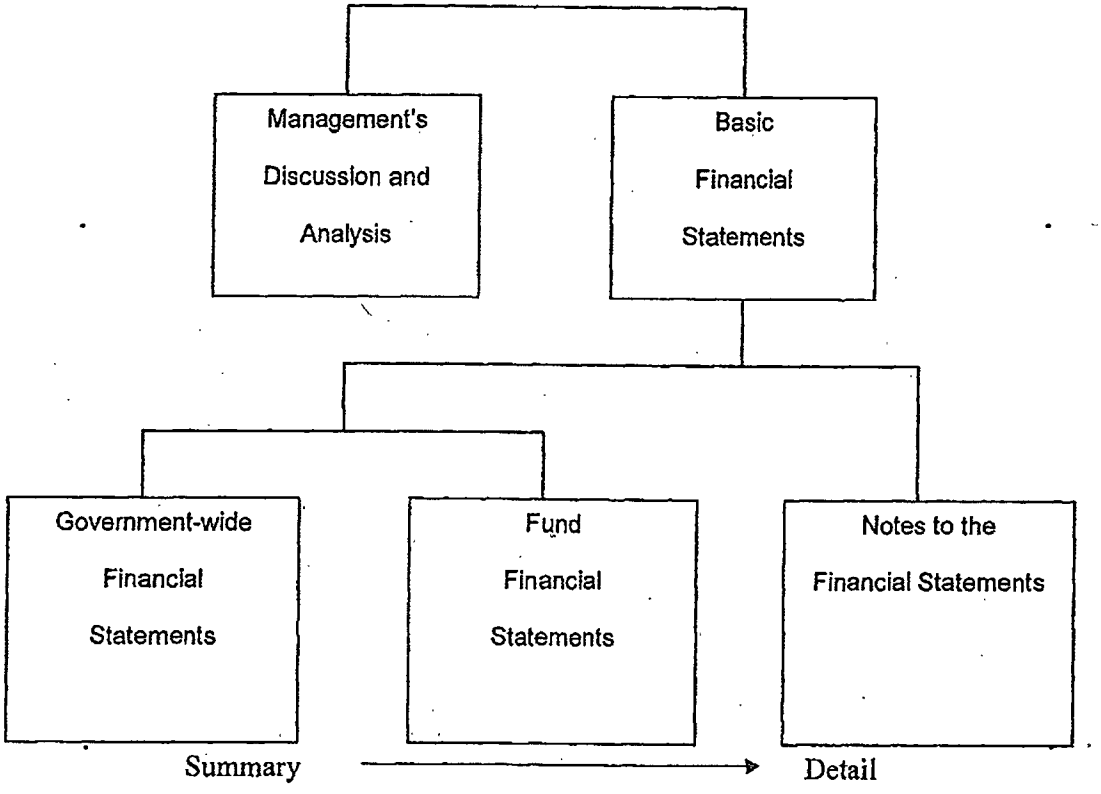
Financial Highlights

- The liabilities of Palmetto Scholars Academy exceeded its assets at the close of the fiscal year by $68,824 *(net assets)*.
- As of the close of the current fiscal year, Palmetto Scholars Academy's governmental funds reported combined ending fund balances of $18,462.
- The 2009-2010 45-day headcount is 174.
- The 2009-2010 135-day headcount is 189.
- Palmetto Scholars Academy had long-term debt of $120,574 as of June 30, 2011.
- A comparative analysis will be provided in future years when prior year information is available.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Palmetto Scholars Academy's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Palmetto Scholars Academy.

Figure 1 - Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. Their Fund Financial Statements consist of governmental funds.

Immediately following the fund financial statements are the **Notes to Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets equal the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. Currently the School does not have any business-type activities.

The government-wide financial statements are enumerated in figure 2 and 3 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Palmetto Scholars Academy, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the School's budget ordinance, where and when applicable. All of the funds of Palmetto Scholars Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

Fund Financial Statements (continued)

Palmetto Scholars Academy has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as originally planned.

Proprietary Funds – Palmetto Scholars Academy has one proprietary fund, which is an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Palmetto Scholars Academy uses enterprise funds to account for its Student Nutrition functions.

Notes to Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 8 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The liabilities of Palmetto Scholars Academy exceeded assets by $68,824 as of June 30, 2011. $33,288 reflects the School's investment in capital assets (e.g. furniture and fixtures, equipment, and leasehold improvements), less any related debt still outstanding that was issued to acquire those items. Palmetto Scholars Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Palmetto Scholars Academy's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. $0 reflects Notes Payable as of June 30, 2011. The remaining balance of ($102,112) is unrestricted.

Figure 2 - Palmetto Scholars Academy's Net Assets

	Governmental Activities 2011
Current and other assets	$ 37,824
Capital assets, net of depreciation	33,288
Total assets	71,112
Total liabilities	139,936
Invested in capital assets, net of related debt	33,288
Unrestricted	(102,112)
Total net assets	$ (68,824)

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net assets:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

Figure 3 - Palmetto Scholars Academy's Changes in Net Assets

	Governmental Activities 2011
Donations and Other Revenues	$ 72,517
Charges for Services	6,322
County, State, and Federal Funds	883,678
Total revenues	962,517
Instructional Programs	613,113
Support services	417,323
Interest and Other Charges	4,053
Total expenses	1,034,489
Increase (Decrease) in net assets	(71,972)
Net assets, July 1	3,148
Net assets, June 30	$ (68,824)

Governmental activities - Governmental activities decreased the School's net assets by $(71,972). There was a transfer of $0 to the business type activities resulting in a net asset increase of $(71,972).

Financial Analysis of the School's Funds

As noted earlier, Palmetto Scholars Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of Palmetto Scholars Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Palmetto Scholars Academy's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Palmetto Scholars Academy. At the end of the current fiscal year, unassigned fund balance of the General Fund was $(6,872).

Capital Asset and Debt Administration

Capital Assets - Palmetto Scholars Academy's investment in capital assets for its governmental activities as of June 30, 2011, totals $33,288 (net of accumulated depreciation). Capital assets include furniture, fixtures, equipment, and leasehold improvements.

Figure 4 - Palmetto Scholars Academy's Capital Assets
(net of depreciation)

	Governmental Activities 2011
Furniture, fixtures, equipment and leasehold improvements	$ 10,163
Leasehold improvements	23,125
Total	$ 33,288

Additional information about the School's capital assets can be found in Note II. of the Basic Financial Statements.

Long-term Debt - As of June 30, 2011, Palmetto Scholars Academy had long-term debt of $120,574.

General Fund Budgetary Highlights

The significant variance from original budget to final budget is due to the state reducing funding for all schools; therefore Palmetto Scholars Academy has to reduce expenses to account for the reduction in revenue.

The positive instruction variance of $88,313 is due to 1) The initial budget was prepared prior to funding cuts made by the district. After funding cuts were made the school initiated reductions in staff numbers as well as reductions in salary 2) Instructional Services and Salaries in the General Fund were mainly offset by the special revenues received.

The positive support services variance of $183,919 is due to 1) The initial budget was prepared prior to funding cuts made by the district. After funding cuts were made the school initiated reductions in staff numbers as well as reductions in salary 2) The position of Director was left vacant for several months after the budgeted Director left 3) Support services in the General Fund were offset by the special revenues received and 4) Amounts paid out of the General Fund for principal and interest payments on debt have been reclassed to the Debt Service Fund, but was budgeted in the General Fund.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The South Carolina Charter School District has secured additional funding for its schools this fiscal year. Therefore, the per pupil funding for Palmetto Scholars Academy has doubled from the previous fiscal year.
- Palmetto Scholars Academy continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its EFA funding.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, Palmetto Scholars Academy, 2415 Avenue F, North Charleston, SC, 29405, telephone number (843) 300-4118.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	
	Governmental Activities	Total
Assets		
Cash and Cash Equivalents	$ 11,041	$ 11,041
Due from Other Governmental Units	26,783	26,783
Capital Assets, Net of Depreciation	33,288	33,288
Total Assets	71,112	71,112
Liabilities		
Accounts Payable and Other Current Liabilities	19,362	19,362
Long-term liabilities:		
Due within one year:		
Note Payable	120,574	120,574
Total Liabilities	139,936	139,936
Net Assets		
Invested in Capital Assets, Net of Related Debt	33,288	33,288
Unrestricted Net Assets	(102,112)	(102,112)
Total Net Assets	$ (68,824)	$ (68,824)

See accompanying notes to financial statements and independent auditors' report.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
Governmental Activities:						
Instruction	$ 613,113	$ 6,322	$ 141,342	$ (465,449)	$ -	$ (465,449)
Support Services	417,323	-	173,568	(243,755)	-	(243,755)
Intergovernmental	-	-	438,581	438,581		438,581
Interest and Other Charges	4,053	-	-	(4,053)	-	(4,053)
Total Governmental Activities	1,034,489	6,322	753,491	(274,676)	-	(274,676)
Total Primary Government	$ 1,034,489	$ 6,322	$ 753,491	(274,676)	-	(274,676)
General Revenues:						
State aid/grants (unrestricted)				130,187	-	130,187
Investment Earnings				169	-	169
Miscellaneous				72,348	-	72,348
Total General Revenues				202,704	-	202,704
Change in Net Assets				(71,972)	-	(71,972)
Net Assets - July 1, 2010				3,148	-	3,148
Net Assets - June 30, 2011				$ (68,824)	$ -	$ (68,824)

See accompanying notes to financial statements and independent auditors' report.

FUND FINANCIAL STATEMENTS

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Revenue	Education Improve-ment Act	Total Governmental Funds
Assets				
Cash and Investments	$ 11,041	$ -	$ -	$ 11,041
Due from:				
Other Funds	25,334	-	-	25,334
State Agencies	-	9,410	-	9,410
South Carolina Public Charter School District	1,449	13,532	2,392	17,373
Total Assets	$ 37,824	$ 22,942	$ 2,392	$ 63,158
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 19,362	$ -	$ -	$ 19,362
Due to:				
Other Funds	-	22,942	2,392	25,334
Total Liabilities	19,362	22,942	2,392	44,696
Fund Balances:				
Assigned to				
Debt service	18,462	-	-	18,462
Total Fund Balances	18,462	-	-	18,462
Total Liabilities and Fund Balances	$ 37,824	$ 22,942	$ 2,392	$ 63,158

See accompanying notes to financial statements and independent auditors' report.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balances - Governmental Funds		$ 18,462
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		
Cost of the assets	44,888	
Less: accumulated depreciation	(11,600)	33,288
Certain liabilities such as notes payables are not due and payable in the current period, and therefore, are not reported in the funds.		
Notes payable		(120,574)
Total Net Assets - Governmental Activities		$ (68,824)

See accompanying notes to financial statements and independent auditors' report.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Special Revenue	Education Improvement Act	Debt Service	Total Governmental Funds
Revenues					
Earnings on Investments	$ 169	$ -	$ -	$ -	$ 169
Student Fees	6,322	-	-	-	6,322
Other Local	72,348	-	-	-	72,348
Total Local	78,839	-	-	-	78,839
Intergovernmental Revenue	438,581	-	-	-	438,581
State Sources	130,187	-	17,736	-	147,923
Federal Sources	-	297,174	-	-	297,174
Total Revenues	647,607	297,174	17,736	-	962,517
Expenditures					
Current:					
Instruction	474,225	126,174	11,289	-	611,688
Support Services	278,468	126,112	2,568	-	407,148
Debt Service	-	-	-	16,479	16,479
Capital Outlay	-	44,888	-	-	44,888
Total Expenditures	752,693	297,174	13,857	16,479	1,080,203
Excess (Deficiency) of Revenues Over Expenditures	(105,086)	-	3,879	(16,479)	(117,686)
Other Financing Sources (Uses)					
Proceeds from Long Term Notes	-	-	-	133,000	133,000
Transfers In	120,400	-	-	-	120,400
Transfers Out	-	-	(3,879)	(116,521)	(120,400)
Total Other Financing Sources (Uses)	120,400	-	(3,879)	16,479	133,000
Net Change in Fund Balances	15,314	-	-	-	15,314
Fund Balances - July 1, 2010	3,148	-	-	-	3,148
Fund Balances - June 30, 2011	$ 18,462	$ -	$ -	$ -	$ 18,462

See accompanying notes to financial statements and independent auditors' report.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Governmental Funds		$ 15,314
Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capitalized capital outlays in the current period	44,888	
Depreciation expense in the current period	(11,600)	33,288
Proceeds from debt are reflected in the statement of revenues, expenditures and change in fund balance as a source of financing but not in the statement of activities.		(133,000)
Principal payments on long term debt are reflected in the statement of revenues, expenditures, and changes in fund balance, but not in the statement of activities.		12,426
Change in Net Assets - Governmental Activities		$ (71,972)

See accompanying notes to financial statements and independent auditors' report.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Palmetto Scholars Academy (the "School") was created in March 2008 through a five year charter granted by South Carolina Public Charter School District (SCPCSD). The School began operations in September 2009 with enrollment beginning August 2010. The School is a discretely presented component unit of SCPCSD.

The School's mission is as follows: Palmetto Scholars Academy will provide a differentiated program designed to meet the educational needs of intellectually gifted learners, address their distinctive social and emotional needs, promote individual character development and instill a life-long love of learning. The School's students will engage with leading innovative organizations in higher education, business and science, to empower them to make original and impactful contributions toward the elevation of South Carolina in the areas of education, commerce, arts and science.

In fiscal year 2011, the School consisted of ten primary classrooms with sixth through eighth grade students.

A. Reporting Entity

The Board of Directors (the "Board") of the School determines the operating policies and such policies are implemented by the School's staff. Under Charter law all terms of the Board are one year; therefore the Board must be elected in full each year. As of June 30, 2011, the School's volunteer Board of Directors is as follows:

Board Members

Ernest Andrade
J. Keith McElveen
Dr. Jean Chandler
Bob Graham
Jim Garvey
Stacy McClain Alberico
Jim Haley
Win Gasperson
Stacey Lindbergh

As required by generally accepted accounting principles, these financial statements present the School which is a component unit of South Carolina Public Charter School District. The School is a legally separate entity that is in substance part of the School District's operation.

B. Basis of Presentation

Government-wide Financial Statements:
The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Fund Financial Statements:
The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The following are the School's major governmental funds:

1. General Fund - The General Operating Fund of the School is used to account for all financial resources except those required to be accounted for in another fund. All revenue, charges for services, Education Finance Act revenue, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration, and other departments of the School are paid through the General Fund.

2. Special Revenue Fund - Special Revenue Funds account for the operations of federal and state projects, which are required by the South Carolina State Department of Education to be accounted for in separate funds.

3. Education Improvement Act Fund - This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The School did not have any non-major funds as of June 30, 2011.

C. Measurement Focus and Basis of Accounting

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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets cash flow needs of its proprietary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-exchange transactions are transactions in which the School receives value without directly giving equal value in return, including grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Amounts reported as program revenues include operating grants and contributions.

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

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

D. Assets, Liabilities, and Equity

Deposits and Investments

The School's cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less, that are both readily convertible to known amounts of cash, and so near their maturity that they present no significant risk of changes in value because of changes in interest rates.

State statutes authorized the School to invest in the following:

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. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;

4. Certificates of deposit and repurchase agreements collateralized 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 and repurchase agreements so secured, including interest; and

5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, and Equity - Continued

Deposits and Investments - Continued

In addition, South Carolina State statutes authorize the School to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws, and administered by the South Carolina State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned which are acquired at a cost of $1.00.

The School has not formally adopted a deposit and investment policy. The School has no investments as of June 30, 2011.

Interfund Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "Due to/from other funds".

Capital Assets

Capital assets, which include leasehold improvement, classroom equipment, office equipment, and construction in progress, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Leasehold Improvements	Life of the lease
Furniture and Fixtures	3 - 5
Equipment	3 - 5

Transfers From and To Other Funds

Transfers from and to other funds for the year ended June 30, 2011, consisted of the EIA Fund transferring $3,879 to the General Fund to cover teacher salary increases and school employer contributions and the Debt Service transferring $116,521 of debt proceeds to the General Fund to assist with operating expenses.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, and Equity – Continued

Deferred and Unearned Revenues

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources have been received but not yet earned. Federal, state, local and private program grant revenues received and not yet expended by the School are recorded as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when the School has a legal claim to the grant proceeds, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Reservations and Designations of Fund Balances

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

a. *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable and property held for resale).

b. *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities, and Equity - Continued

Fund Financial Statements - Continued

c. *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

d. *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director.

e. *Unassigned* – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The school's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

The school does not currently have policies in place for committed and assigned fund balances.

First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Encumbrances

The School does not currently have an encumbrance policy. All encumbrances are classified as either Assigned Fund Balance or Restricted Fund Balance in the General Fund, or as Restricted Fund Balance in the non-general funds. There were no significant encumbrances as of June 30, 2011.

E. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the School's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Custodial credit risk for deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits might not be recovered. The School does not have a deposit policy for custodial credit risk but follows the investment policy statues of the State of South Carolina. As of June 30, 2011, none of the School's bank balances of $59,525 is exposed to custodial credit risk.

B. Capital Assets

Capital asset activity for the year ended June 30, 2011, is as follows:

Governmental Activites:	June 30, 2010	Increases	Decreases	Transfers	June 30, 2011
Captial Assets, Being Depreciated					
Furniture and Equipment	$ -	$ 11,588	$ -	$ -	$ 11,588
Leasehold Improvements	-	33,300	-	-	33,300
Total Capital Assets, Being Depreciated	-	44,888	-	-	44,888
Total Capital Assets, Cost	-	44,888	-	-	44,888
Less Accumulated Depreciation:					
Furniture and Equipment	-	1,425	-	-	1,425
Leasehold Improvements	-	10,175	-	-	10,175
Total Accumulated Depreciation	-	11,600	-	-	11,600
Total Capital Assets, Being Depreciated, Net	-	33,288	-	-	33,288
Total Governmental Activites Capital Assets, Net	$ -	$ 33,288	$ -	$ -	$ 33,288

Depreciation expense of $1,425 and $10,175 is charged to instruction and support services, respectively.

II. DETAILED NOTES ON ALL FUNDS - Continued

C. Long-Term Obligations

Operating Leases

The School leases their facilities from The Noisette Company, LLC, a related party. The lease expires September 30, 2013 and the following schedule identifies the monthly rent payments through 2013:

October 1, 2010 - September 30, 2011	$	4,200
October 1, 2011 - March 31, 2012	$	5,000
April 1, 2012 - September 30, 2012	$	6,000
October 1, 2012 - March 31, 2013	$	7,500
April 1, 2013 - September 30, 2013	$	7,800

The School leases trailers for $688 per month through July 20, 2012.

The total future minimum payments for June 30:

2012	$	68,856
2013		87,088
Total minimum payments	$	155,944

Lease expense for the year ended June 30, 2011 is $45,368.

Note Payable

On November 18, 2010 the School signed a note payable with a related party. The terms of the note call for monthly payments of $810, at a interest rate of 5.35%. The note also stipulates that there will be one final payment of the outstanding balance plus any accrued interest on June 30, 2011. The amount of principal paid during the year is $2,426 and the amount of interest paid during the year is $4,053.

III. OTHER INFORMATION

A. Related Parties

The School is a component unit of the SCPCSD's financial statements. Annual funding allocated from the SCPCSD to the School during the year ended June 30, 2011 is $628,331. The District additionally provides services to the School at fair market value. The School paid the District $67,052 for these services.

One of the School's board members is the Chief Financial Officer for The Noisette Company, LLC. Noisette is currently leasing facilities to the School.

During the year, the School entered into a promissory note with a parent of one of the board members. The parent loaned the School $123,000. The terms of the note call for monthly payments of $810 and interest at 5.35%. The School made total payments of $6,479 during the year. The balance as of June 30, 2011 is $120,574.

III. OTHER INFORMATION - Continued

A. Related Parties – Continued

During the year, a board member loaned the School $10,000, which was repaid by the School in the same month. No interest was incurred.

B. Commitments

Accounting Services
The School entered into a one year contract for accounting services. The contractor shall monthly maintain the School's financial records in compliance with any and all state education information starting for fiscal year 2012. Total projected fees for fiscal year 2012 is $20,400.

Cleaning Services
The School entered into a one year contract for cleaning the facilities. Total projected fees for fiscal year 2012 is $17,400.

Information Technology Services
The School entered into a contract August 1, 2011 for a minimum of six months for information technology support services. Total projected fees per month is $2,283.

C. Contingencies

Grants
The School participates in a number of federally assisted grant progrms. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

D. Subsequent Events

The School secured a line of credit note with a financial institution for a maximum of $25,000 on August 30, 2011. The terms of the note call for monthly interest only payments, at the Lender's Prime Rate (3.25% on August 30, 2011) and the full balance due at expiration. The line of credit expires August 30, 2012.

The School extended the note payable with a related party for one (1) year. The terms of the note call for monthly payments of $810, at a interest rate of 5.35%. The note also stipulates that there will be one final payment of the outstanding balance plus any accrued interest on June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Local	$ 175,003	$ 95,169	$ 78,839
State	108,000	130,187	130,187
Intergovernmental Revenue	551,907	437,120	438,581
Total Revenues	834,910	662,476	647,607
Expenditures			
Current:			
Instruction	447,280	478,512	474,225
Support Services	370,527	291,587	278,468
Total Expenditures	817,807	770,099	752,693
Excess (Deficiency) of Revenues Over Expenditures	17,103	(107,623)	(105,086)
Other Financing Sources (Uses)	-	133,000	120,400
Net Change In Fund Balance	17,103	25,377	15,314
Fund Balances - July 1, 2010	3,148	3,148	3,148
Fund Balances - June 30, 2011	$ 20,251	$ 28,525	$ 18,462

See accompanying notes to budgetary comparison schedule - general fund.

PALMETTO SCHOLARS ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2011

NOTE A - BUDGETARY BASIS

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles. The School's Board of Directors hold public hearings and conducts two formal readings of the budget. The budget for the General Fund is prepared by function and activity and includes current year estimates and requested appropriations for the next fiscal year. Fund expenditures may not exceed amounts appropriated within the total budget without the approval of the Board. Line item transfers within functions are approved by the Board of Directors. Budget amounts reflected in the accompanying schedule represent the adopted budget and any revisions including reappropriation of prior year encumbrances during the fiscal year.

Budgets for the Special Revenue Fund and EIA Fund are approved by the appropriate granting agencies, and as such, these budgets are not part of the School's legally adopted budget and are not presented in the Budgetary Comparison Schedule.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SUPPORTING SCHEDULES

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenues and miscellaneous revenues are recorded in this fund. Operational expenditures for general education, support services and other departments of the School are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1500 Earnings on Investments			
1510 Interest on Investments	$ 169	$ 169	$ -
1700 Pupil Activities			
1740 Student Fees	-	6,322	6,322
1900 Other Revenue from Local Sources			
1920 Contributions & Donations Private Sources	95,000	59,988	(35,012)
1999 Revenue from Other Local Sources	-	12,360	12,360
Total Local Sources	95,169	78,839	(16,330)
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	437,120	438,581	1,461
Total Intergovernmental Revenue	437,120	438,581	1,461
3000 Revenue from State Sources			
3180 Fringe Benefits Employer Contributions	130,187	130,187	-
Total Revenue from State Sources	130,187	130,187	-
Total Revenue All Sources	662,476	647,607	(14,869)
Expenditures			
100 Instruction			
110 General Instruction			
112 Primary Programs			
400 Supplies and Materials	-	1,813	(1,813)
113 Elementary Programs			
100 Salaries	352,115	370,081	(17,966)
200 Employee Benefits	65,985	66,232	(247)
300 Purchased Services	33,650	28,779	4,871
400 Supplies and Materials	5,852	7,320	(1,468)
500 Capital Outlay	8,967	-	8,967

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
300 Purchased.Services	11,943	-	11,943
Total Instruction	478,512	474,225	4,287
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	36,000	33,608	2,392
200 Employee Benefits	6,252	5,820	432
220 Instructional Staff Services			
224 Improv. of Instr. - In-svc and Staff Training			
300 Purchased Services	-	1,047	(1,047)
230 General Administration Services			
231 Board of Education			
600 Other Objects	7,139	4,612	2,527
233 School Administration			
100 Salaries	58,136	58,136	-
200 Employee Benefits	14,993	13,795	1,198
300 Purchased Services	31,020	32,592	(1,572)
400 Supplies and Materials	2,000	4,202	(2,202)
500 Capital Outlay	5,131	-	5,131
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	16,600	20,089	(3,489)
600 Other Objects	600	455	145
254 Operation and Maintenance of Plant			
300 Purchased Services	78,358	70,422	7,936
321 Water	3,980	3,976	4
400 Supplies and Materials	1,000	1,463	(463)
470 Energy	17,385	16,341	1,044
255 Student Transportation			
600 Other Objects	181	-	181
258 Security			

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
300 Purchased Services	2,500	1,880	620
260 Central Support Services			
263 Information Services			
300 Purchased Services	10,312	10,030	282
Total Support Services	291,587	278,468	13,119
Total Expenditures	770,099	752,693	17,406
Excess/(Deficiency) of Revenues over Expenditures	(107,623)	(105,086)	2,537
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds			
5230 Transfer from EIA Fund	-	3,879	3,879
5230 Transfer from Debt Service Fund	133,000	116,521	(16,479)
Total Other Financing Sources (Uses)	133,000	120,400	(12,600)
Net Change In Fund Balance	25,377	15,314	(10,063)
Fund Balances - July 1, 2010	3,148	3,148	-
Fund Balances - June 30, 2011	$ 28,525	$ 18,462	$ (10,063)

SPECIAL REVENUE FUNDS

To account for the operations of federal and state projects, which are required to be accounted for in separate funds.

Special Revenue Fund – This fund is used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act Fund – This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The following combining and individual fund statements and schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina Department of Education.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

	Title I	IDEA	Other Special Revenue Programs	Total
Revenues				
4000 Revenue from Federal Sources				
4300 Elementary and Secondary Education Act of 1965 (ESEA)				
4310 Title I, Basic State Grant Programs	$ 4,641	$ -	$ -	$ 4,641
4320 Public Charter School Grants		-	255,347	255,347
4350 State Fiscal Stabilization Fund (ARRA)	-	-	17,578	17,578
4351 Improving Teacher Quality	-	-	1,616	1,616
4500 Programs for Children with Disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	-	17,992	-	17,992
Total Federal Sources	4,641	17,992	274,541	297,174
Total Revenue All Sources	4,641	17,992	274,541	297,174
Expenditures				
100 Instruction				
110 General Instruction				
112 Primary Programs				
400 Supplies and Materials	-	-	12,253	12,253
113 Elementary Programs				
100 Salaries	-	11,093	19,194	30,287
200 Employee Benefits	-	3,756	-	3,756
300 Purchased Services	4,641	3,143	14,400	22,184
400 Supplies and Materials	-	-	57,694	57,694
500 Capital Outlay	-	-	11,588	11,588
Total Instruction	4,641	17,992	115,129	137,762
200 Support Services				
220 Support Services - Instructional Staff				
221 Improvement of Instruction - Curriculum Development				
300 Purchased Services	-	-	16,620	16,620

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

	Title I	IDEA	Other Special Revenue Programs	Total
224 Improvement of Instruction In-service and Staff Training				
300 Purchased Services	-	-	22,456	22,456
230 Support Services - General Administration				
231 Board of Education				
300 Purchased Services	-	-	50	50
600 Other Objects	-	-	2,250	2,250
233 School Administration				
300 Purchased Services	-	-	10,502	10,502
400 Supplies and Materials	-	-	6,119	6,119
250 Finance and Operations Services				
252 Fiscal Services				
300 Purchased Services	-	-	3,571	3,571
254 Operation and Maintenance of Plant				
300 Purchased Services	-	-	37,537	37,537
500 Capital Outlay	-	-	33,300	33,300
260 Central Support Services				
263 Information Services				
300 Purchased Services	-	-	27,007	27,007
Total Support Services	-	-	159,412	159,412
Total Expenditures	4,641	17,992	274,541	297,174
Excess/(Deficiency) of Revenues over Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balances - July 1, 2010	-	-	-	-
Fund Balances - June 30, 2011	$ -	$ -	$ -	$ -

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL REVENUE PROGRAMS
NOTES TO COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

Subfund codes and titles for the special revenue programs are as follows:

Other Special Revenue Programs
250 State Fiscal Stabilization Fund (ARRA)
252 Public Charter School Grant
267 Improving Teacher Quality

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2011

Revenues		
3000 Revenue from State Sources		
3500 Education Improvement Act:		
3511 Professional Development	$	176
3538 Students At Risk of School Failure		6,598
3544 High Achieving Students		1,844
3550 Teacher Salary Increase		3,199
3555 School Employer Contributions		680
3558 Reading		372
3577 Teacher Supplies		2,475
3588 Maintenance of Effort - IDEA		2,392
Total State Sources		17,736
Total Revenue All Sources		17,736
Expenditures		
100 Instruction		
110 General Instruction		
113 Elementary Programs		
300 Purchased Services		3,117
400 Supplies and Materials		2,847
170 Summer School Program		
175 Instructional Programs Beyond Regular School Day		
300 Purchased Services		5,325
Total Instruction		11,289
200 Support Services		
210 Support Services - Students		
212 Guidance Services		
100 Salaries		2,392

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2011

220 Instructional Staff Services	
224 Improv. of Instr. - In-service and Staff Training	
300 Purchased Services	176
Total Support Services	2,568
Total Expenditures	13,857
Interfund Transfers, From (To) Other Funds:	
420-710 Transfers to General Fund	(3,879)
Total Other Financing Sources (Uses)	(3,879)
Excess (Deficiency) of Revenues over Expenditures	-
Net Change in Fund Balance	-
Fund Balance - July 1, 2010	-
Fund Balance - June 30, 2011	$ -

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2011

Program	Revenues	Expenditures	Other Fund Transfers In/(Out)
3500 Education Improvement Act:			
3511 Professional Development	$ 176	$ 176	$ -
3538 Students At Risk of School Failure	6,598	6,598	-
3544 High Achieving Students	1,844	1,844	-
3550 Teacher Salary Increase	3,199	-	(3,199)
3555 School Employer Contributions	680	-	(680)
3558 Reading	372	372	-
3577 Teacher Supplies	2,475	2,475	-
3588 Maintenance of Effort - IDEA	2,392	2,392	-
Totals	$ 17,736	$ 13,857	$ (3,879)

DEBT SERVICE FUND

To account for the accumulation of financial resources and for the payment of general long-term debt, principal, and interest, which are required to be accounted for in separate funds.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance – Debt Service Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

Revenues	$ -
Expenditures	
500 Debt Service	
610 Redemption of Principal	12,426
620 Interest	4,053
Total Debt Service	16,479
Total Expenditures	16,479
Other Financing Sources (Uses)	
5400 Proceeds from Long-term Notes	133,000
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund	(116,521)
Total Other Financing Sources (Uses)	16,479
Excess/(Deficiency) of Revenues over Expenditures	-
Net Change In Fund Balance	
Fund Balance - July 1, 2010	-
Fund Balance - June 30, 2011	$ -

COMPLIANCE SECTION

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

Independent Auditors' Report

To the Board of Directors
Palmetto Scholars Academy
North Charleston, South Carolina

We have audited the basic financial statements of Palmetto Scholars Academy, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 11, 2011. 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 Palmetto Scholars Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Palmetto Scholars Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Palmetto Scholars Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-1 through 2011-3 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-4 to be significant deficiencies.

Compliance and Other Matters

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

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McCay, Kiddy & Associates, LLC

October 11, 2011

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of report issued:	Unqualified	
Internal control over financial reporting: Material weaknesses identified?	X Yes	___ No
Significant deficiencies identified that are not considered to be material weaknesses?	X Yes	___ No
Non-compliance material to financial statements noted?	___ Yes	X No

II. FINANCIAL STATEMENTS FINDINGS

2011-1 Application of Generally Accepted Accounting Principles

Criteria: Internal controls are an integral part of the financial reporting function. The *Statement on Auditing Standards* (SAS) state that an entity's internal control responsibilities extend to the preparation of the financial statements, including required disclosures.

Condition: Management and employees responsible for the accounting and reporting function lack the familiarity to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Context: The School relies on the auditing firm to advise them of the requirements of GAAP.

Effect: The School's financial statements could not be in compliance with GAAP and the entity may not be aware of it.

Recommendation: Recommend the school hire or contract with an experienced professional that can advise them on GAAP requirements.

Response: The School has contracted with a new accounting firm effective October 1, 2011. The School has shared the findings with the new firm to ensure that the findings are corrected.

II. FINANCIAL STATEMENTS FINDINGS - Continued

2011-2 Material Audit Adjustments

Criteria: An entity's internal control responsibility extends to include that a complete set of books be provided to the audit firm. A complete set of books consists of all material adjustments being recorded in the School's books, or the adjustment are provided to the auditor at the start of the audit.

Condition: The School's internal control functions did not identify material misstatements.

Context: In order for the School's financial statements not to be materially misstated, we as auditors had to propose material adjustments to the financial statements that were not initially identified by the entities internal controls.

Effect: The financial statements did not present fairly until the auditors' proposed adjustments were recorded.

Recommendation: The School in conjunction with their consulting firm, should strive to have all material accounts reconciled and adjusted prior to providing the auditors with the trial balance to begin auditing. If a needed adjustment is identified but not made by the School, the School can advise the auditors that such adjustment needs to be made at the start of fieldwork.

Response: The School has contracted with a new accounting firm effective October 1, 2011. The School has shared the findings with the new firm to ensure that the findings are corrected.

2011-3 Recording Accruals

Criteria: The School should maintain a complete set of books, which includes the recording of accruals.

Condition: The School's books at year-end included posted cash transactions that should have been recorded as an accrued liability.

Context: In order for the School's financial statements not to be materially misstated, we as auditors had to propose material adjustments to the financial statements that were not initially identified by the entities internal controls.

Effect: The financial statements did not present fairly until the auditors' proposed adjustments were recorded.

Recommendation: The School in conjunction with their consulting firm should accrue transactions appropriately versus posting the cash transactions with no cash actually changing hands.

PALMETTO SCHOLARS ACADEMY
NORTH CHARLESTON, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

II. FINANCIAL STATEMENTS FINDINGS – Continued

2011-3 Recording Accruals (continued)

Response: The School has contracted with a new accounting firm effective October 1, 2011. The School has shared the findings with the new firm to ensure that the findings are corrected.

2011-4 Cash Reconciliations

Criteria: Cash reconciliations at the end of each month should agree to the trial balance.

Condition: Cash reconciliations throughout the year do not agree to the trial balance. Transactions in QuickBooks are being changed after closing the month end.

Context: As part of our testing of cash we identified several months where the cash reconciliation was different from the trial balance.

Effect: These modifications can change prior period audit balances and previously issued management reports.

Recommendation: We recommend the School in conjunction with their consulting firm avoid changing transactions that affect cash after the reconciliation or redo the reconciliation if the change must be made.

Response: The School has contracted with a new accounting firm effective October 1, 2011. The School has shared the findings with the new firm to ensure that the findings are corrected.

CALHOUN FALLS CHARTER SCHOOL

REPORT ON FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

CALHOUN FALLS CHARTER SCHOOL

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elliott davis

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Calhoun Falls Charter School
Calhoun Falls, South Carolina

We have audited the accompanying financial statements of the governmental activities, and each major fund of Calhoun Falls Charter School (the School), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed in Note 2 to the financial statements, the School has a deficit in the unrestricted portion of its net assets and general fund fund balance. This condition raises substantial doubt about the School's ability to continue as a going concern. Management's plans regarding this matter is also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Due to the magnitude of the potential effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, we do not express an opinion on the financial statements referred to above.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2011, on our consideration of the School's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting nor on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 8, and the budgetary comparison information on pages 21 through 23, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information; however, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The individual fund financial statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Due to the magnitude of the potential effects of the uncertainty described in the third paragraph of this letter, we do not express an opinion on the individual fund financial statements and other schedules as listed in the table of contents referred to above.

Elliott Davis, LLC

Myrtle Beach, South Carolina
November 9, 2011

CALHOUN FALLS CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of Calhoun Falls Charter School (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

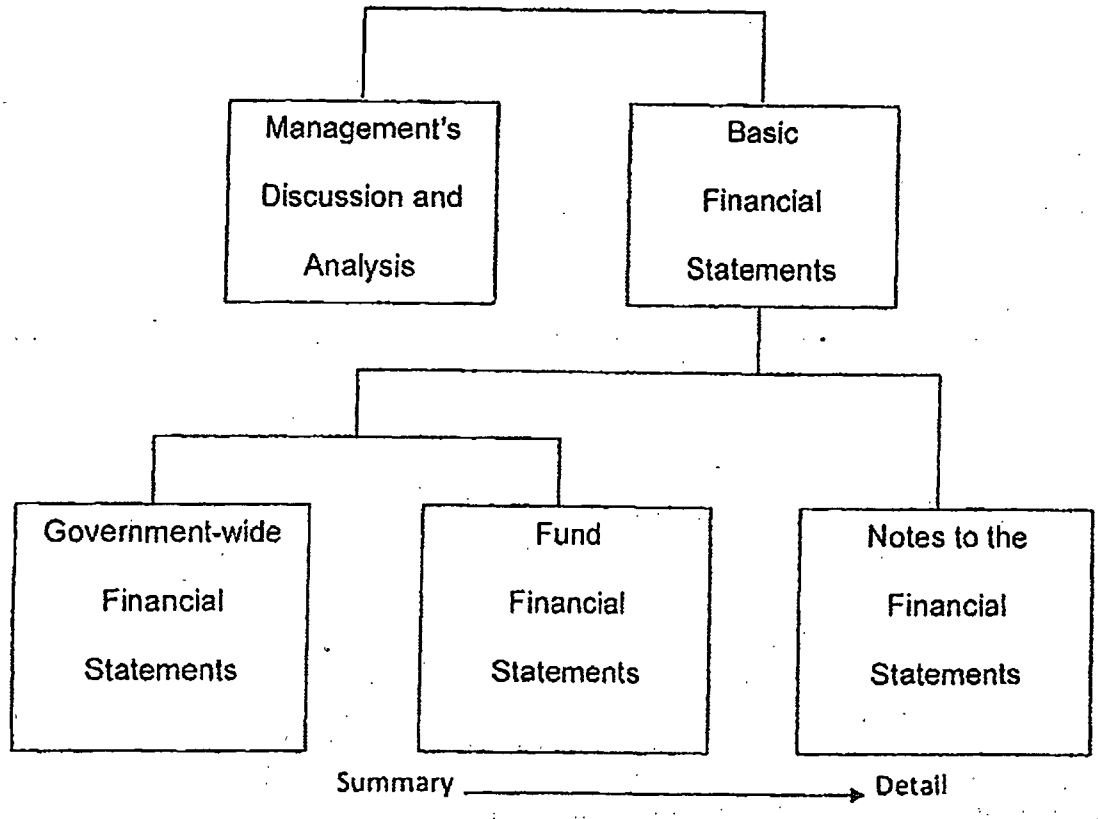
- The liabilities of the School exceeded its assets at the close of the fiscal year by $96,925 *(net deficit)*.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending unrestricted fund deficit of $195,400.
- The 2010-2011 45-day headcount was 223.
- The 2010-2011 135-day headcount was 195.
- The School had $134,930 outstanding on its line of credit as of June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School, through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the School.

Figure 1

Required Components of Annual Financial Report



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements.** They provide both short and long-term information about the School's financial standing.

The next statements are **Fund Financial Statements.** These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (the Notes).* The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets equal the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide statements include all governmental activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds.

The government-wide financial statements are enumerated in pages 9 and 10 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements, such as the School's budget, where and when applicable. All of the funds of the School are considered governmental funds.

Governmental Funds - Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

The School has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with its budget and whether or not the School has succeeded in providing the services as originally planned.

Notes to the Financial Statements - The Notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the financial statements begin on page 13 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The liabilities of Calhoun Falls Charter School exceeded its assets by $96,925 as of June 30, 2011. $98,475 reflects the School's investment in capital assets (e.g. equipment). Calhoun Falls Charter School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The remaining deficit of $195,400 is unrestricted.

Figure 2

Calhoun Falls Charter School's Net Assets

	Governmental Activities	
	2011	2010
Current assets	$ 44,617	$ 147,396
Capital assets, net of depreciation	98,475	115,168
Total assets	143,092	262,564
Current liabilities	240,017	256,225
Total liabilities	240,017	256,225
Net deficit		
Invested in capital assets, net of related debt	98,475	115,168
Unrestricted deficit	(195,400)	(108,829)
Total liabilities and net deficit	$ 143,092	$ 262,564

Several aspects of the School's financial operations influenced the total unrestricted governmental net assets:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.
- The School is trying to pay down their line of credit balance.
- The School continues to struggle to survive on the per pupil allocation received from the South Carolina Public Charter School District with a decreasing headcount.

Figure 3
Calhoun Falls Charter School's Changes In Net Assets

	Governmental Activities		Business-Type Activities	Total
	2011	2010	2010	2010
Donations and other revenues	$ 91,688	$ 70,513	$ -	$ 70,513
Charges for services	-	-	20,901	20,901
County, state, and federal funds	1,226,633	1,728,318	79,916	1,808,234
Total revenues	1,318,321	1,798,831	100,817	1,899,648
Instructional programs	984,774	1,201,234	-	1,201,234
Support services	429,381	409,185	-	409,185
Interest	7,430	-	-	-
School food service	-	-	122,017	122,017
Total expenses	1,421,585	1,610,419	122,017	1,732,436
Increase (decrease) in net assets before transfers	(103,264)	188,412	(21,200)	167,212
Transfers	-	(21,200)	21,200	-
Increase (decrease) in net assets	(103,264)	167,212	-	167,212
Net assets (deficit), July 1	6,339	(160,873)	-	(160,873)
Net assets (deficit), June 30	$ (96,925)	$ 6,339	$ -	$ 6,339

Governmental activities - Governmental activities decreased the School's net assets by $103,264.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of Calhoun Falls Charter School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Calhoun Falls Charter School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Calhoun Falls Charter School. At the end of the current fiscal year, unassigned fund deficit of the General fund was $195,400.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Calhoun Falls Charter School's investment in capital assets for its governmental activities as of June 30, 2011, totals $98,475 (net of accumulated depreciation). Capital assets include equipment. The major capital asset transaction during the year includes the purchase of $19,538 of equipment.

Figure 4
Calhoun Falls Charter School's Capital Assets
(net of depreciation)

	Balance July 1, 2010	Governmental additions, Net	Balance June 30, 2011
Equipment	$ 115,168	$ (16,693)	$ 98,475
Total	$ 115,168	$ (16,693)	$ 98,475

Additional information about the School's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt - As of June 30, 2011, the School had $134,930 outstanding on its line of credit.

ECONOMIC FACTORS

The following key economic indicators are reflected in the School's financial results:

- Calhoun Falls Charter School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- Calhoun Falls Charter School participates in the free and reduced lunch program which helps them serve nutritional meals to the students and keeps costs to a minimum.
- The School will continue to seek both federal and private grant funds to supplement its EFA funding.
- The State of South Carolina has revised its funding of charter schools within the South Carolina Public Charter School District resulting in a significant increase in funding for Calhoun Falls Charter School for fiscal year 2012.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Principal: Deidre McCullough, Calhoun Falls Charter School, 205 Edgefield Street, Calhoun Falls, SC, 29628, telephone number 864.418.8014.

CALHOUN FALLS CHARTER SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental activities
ASSETS	
CURRENT ASSETS	
Cash	$ 37
Accounts receivable	44,580
Total current assets	44,617
NON-CURRENT ASSETS	
Capital assets, net of accumulated depreciation	98,475
Total non-current assets	98,475
Total assets	$ 143,092
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 13,236
Accrued liabilities	91,851
Line of credit	134,930
Total current liabilities	240,017
Total liabilities	240,017
NET DEFICIT	
Invested in capital assets, net of related debt	98,475
Unrestricted deficit	(195,400)
Total net deficit	(96,925)
Total liabilities and net deficit	$ 143,092

The accompanying notes are an integral part of these basic financial statements.

CALHOUN FALLS CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Functions/Programs	Expenses	Program revenues Operating grants and charges for sales	Net (expense) revenue and changes in net assets Governmental activities
Governmental activities			
Instruction	$ 984,774	$ 1,226,633	$ 241,859
Support services	429,381	-	(429,381)
Interest on short term debt	7,430	-	(7,430)
Total governmental activities	$ 1,421,585	$ 1,226,633	(194,952)
General revenues:			
Miscellaneous			91,688
Total general revenues			91,688
Change in net assets			(103,264)
Net assets, beginning of year			6,339
Net deficit, end of year			$ (96,925)

The accompanying notes are an integral part of these basic financial statements.

CALHOUN FALLS CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Funds: Special Projects	Special Revenue Funds: Education Improvement Act	Total Governmental Funds
ASSETS				
Cash	$ 37	$ -	$ -	$ 37
Accounts receivable	44,580	-	-	44,580
Total assets	$ 44,617	$ -	$ -	$ 44,617
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 13,236	$ -	$ -	$ 13,236
Accrued liabilities	91,851			91,851
Line of credit	134,930	-	-	134,930
Total liabilities	240,017	-	-	240,017
Fund Deficit:				
Unassigned	(195,400)	-	-	(195,400)
Total fund deficit	(195,400)	-	-	(195,400)
Total liabilities and fund balances	$ 44,617	$ -	$ -	$ 44,617
Total governmental fund deficit				$ (195,400)
Amounts reported for governmental activities 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 $180,586 and the accumulated depreciation is $82,111.				98,475
Net deficit				$ (96,925)

The accompanying notes are an integral part of these basic financial statements.

CALHOUN FALLS CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	General Fund	Special Revenue Funds: Special Projects	Special Revenue Funds: Education Improvement Act	Total Governmental Funds
REVENUES				
Local sources	$ 91,688	$ 24,102	$ -	$ 115,790
State sources	685,608	2,577	91,021	779,206
Federal sources	-	423,325	-	423,325
Total revenues	777,296	450,004	91,021	1,318,321
EXPENDITURES				
Current				
Instruction	596,204	316,262	52,228	964,694
Support services	256,747	159,632	1,456	417,835
Debt service				
Interest	7,430	-	-	7,430
Capital outlay	7,249	4,392	3,292	14,933
Total expenditures	867,630	480,286	56,976	1,404,892
Excess (deficiency) of revenues over (under) expenditures	(90,334)	(30,282)	34,045	(86,571)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	3,763	30,282	(34,045)	-
Total other financing sources (uses)	3,763	30,282	(34,045)	-
Net change in fund balance	(86,571)	-	-	(86,571)
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(108,829)	-	-	(108,829)
FUND BALANCE (DEFICIT), END OF YEAR	$ (195,400)	$ -	$ -	$ (195,400)
Total net change in fund balance - governmental funds				$ (86,571)
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 expense ($36,231) exceed net capital outlays ($19,538) in the period.				(16,693)
Change in net assets of governmental activities				$ (103,264)

The accompanying notes are an integral part of these basic financial statements.

CALHOUN FALLS CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Calhoun Falls Charter School (the School) is a nonprofit organization incorporated in the state of South Carolina and organized under the South Carolina Charter School Act. The School was formed in August 2008. The School's charter was approved in 2008 by the South Carolina Public Charter School District. The School serves approximately 220 students in grades 6 through 12 in Abbeville County, South Carolina.

A. Reporting entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

As required by state law, the School is a component unit of South Carolina Public Charter School District.

B. Basis of presentation

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with nor contradict GASB pronouncements.

The statements of the School are presented as follows:

Government-wide financial statements - The statement of net assets, and the statement of activities, display information about the School as a whole. These statements include the financial activities of the School. For the most part, the effect of interfund activity has been removed from these statements. The School's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing, or draws from the general revenues of the School.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of presentation - (continued)

Fund financial statements - Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The School has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are: a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

C. Measurement focus and basis of accounting

Fund accounting

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School are grouped into the categories governmental and proprietary.

Governmental funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The general fund and special revenue fund are the School's major governmental funds and are described as follows:

General fund - to account for all financial transactions not properly accounted for in another fund. The School uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

Special revenue funds - to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The School has two special revenue funds:

1. The Education Improvement Act (EIA) fund - a budgeted fund used to account for the revenue from the Education Improvement Act of 1984, and legally required to be accounted for as a specific revenue source;
2. Special projects fund - a budgeted fund used to account for financial resources provided by federal, state and local projects and grants.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus and basis of accounting - (continued)

Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of fiscal year-end.

The School follows GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, to account for non-exchange revenues. Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, grants, student fees and rentals.

Deferred 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 deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as deferred revenue. The School had no deferred revenues at June 30, 2011.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities, if any, received during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and equity

Cash - The School may have cash presented on the financial statements which includes cash held in local financial institutions and certificates of deposit held in local financial institutions.

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, accounts payable or "due from other funds" or "due to other funds" on the balance sheet. The transactions between funds are eliminated in the governmental activities columns of the statement of net assets.

Capital assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are stated at cost or, if donated, at estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

Description	Governmental Activities Estimated Lives
Equipment	3 - 5 years

Fund balances and net assets - The School has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

For the government wide financial statements the School applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net assets are available. For the governmental funds financial statements the School applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 - GOING CONCERN

When the School was originally chartered, it used a "per pupil" revenue expectation based on funding levels in existence before the 2008-2009 state budget cuts. Because of the reductions in per pupil funding, the School has generated a deficit in the general fund balance and a deficit in the unrestricted portion of its net assets. The School experienced an increase in the deficit during 2010-2011, even with increased contributions from the community. This factor raises substantial doubt about the School's ability to continue as a going concern. For 2011-2012, the School is budgeting an increase in net assets of $50,200 related to the increased per pupil funding enacted by the State. The increased per pupil funding is relatively significant and management expects the additional funding and continued cost controls to decrease their shortfall significantly going forward.

NOTE 3 - DEPOSITS

The School is authorized by South Carolina state law to invest in the following types of investments:

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 they are guaranteed by the Federal Deposit Insurance Corporation (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 certificate 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);
6. Repurchase agreements.

At June 30, 2011, the carrying amount of the School's deposits was $37 and the bank balance was $133.

Custodial credit risk - Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. At June 30, 2011, the School had no cash balances on deposit with banks that exceeded the balance insured by the FDIC.

Credit risk - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government, and government agencies unconditionally guaranteed by the U.S. Government. The School has no investment policy that would further restrict its choices.

Interest rate risk - The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Academy's investments in a single issuer. The Academy does not have a policy that limits the amount that may be invested in any one issuer.

NOTE 4 - TRANSFERS FROM AND TO OTHER FUNDS

During the course of normal operations, the School has transactions between funds to provide services, purchase assets, service debt, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2011 consisted of the following individual fund amounts:

	Transfers In	Transfers Out
General fund	$ 34,045	$ (30,282)
Special projects funds	30,282	-
Education Improvement Act fund	-	(34,045)
	$ 64,327	$ 64,327

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2011
Governmental activities				
Equipment	$ 161,048	$ 19,538	$ -	$ 180,586
Total capital assets, being depreciated, at historical cost	161,048	19,538	-	180,586
Less accumulated depreciation				
Equipment	(45,880)	(36,231)	-	(82,111)
Total accumulated depreciation	(45,880)	(36,231)	-	(82,111)
Governmental activities capital assets, net	$ 115,168	$ (16,693)	$ -	$ 98,475

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 31,509
Supporting services	4,722
Total depreciation expense	$ 36,231

NOTE 6 - OPERATING LEASE

The School leases its facility under an operating lease agreement with the Town of Calhoun Falls for one dollar ($1.00) which is payable annually at the start of the school year. The lease is effective for the duration of the School's charter, or until such time that both parties agree to a more formal lease arrangement.

NOTE 7 - LINE OF CREDIT

The School had a $153,200 line of credit with a lending institution. The line had an interest rate of 3.25% and expired August 16, 2011. The line was renewed on September 27, 2011 for a total of $118,877 with a rate of 5.25% and an expiration of October 11, 2012. The line is guaranteed by the Town of Calhoun Falls. As of June 30, 2011, $134,930 was outstanding on the line of credit.

NOTE 8 - EMPLOYEE BENEFITS

Retirement plan

Substantially all School employees are members of the South Carolina Retirement System (the System), a cost-sharing multiple-employer plan administered by the Retirement Division of the State Budget and Control Board. The System provides retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The System issues a publicly available financial report that includes financial statements and required information for the South Carolina Retirement System. That report may be obtained by writing to the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Plan members are required to contribute 6.50% of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current rate is 9.24% of annual covered payroll plus the retiree surcharge of 3.90%. The School's contributions to the System for the years ended June 30, 2011, 2010 and 2009 were $100,647, $120,595 and $79,967, respectively.

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis, without terminating employment, for up to five years. Upon termination of employment, or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program July 1, 2005 or later must contribute to the SCRS, as long as they are covered under the TERI program.

Optional retirement program

Certain School employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual, fixed or variable, annuity contracts which are issued to, and become the property of, the participants. The School assumes no liability for this plan other than for payment of contributions to designated insurance companies. Employees who enroll in ORP are eligible to change their election to SCRS if done before the 5th anniversary of enrollment in ORP.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24% plus the retiree surcharge of 3.90% from the employer in fiscal year 2011. At June 30, 2011, none of the School's employees have elected to be covered under the optional retirement plan.

NOTE 9 - FUND BALANCES/DEFICITS AND NET ASSETS

The fund balances/net assets and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements

Fund balances - Nonspendable - balances that by their nature are unable to be spent.

Fund balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund balances - Committed - balances that can only be used for the specific purpose determined by the School's Board of Directors.

Fund balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed.

Fund balances - Unassigned - balances that are spendable amounts not contained in other classifications.

Government-wide and proprietary fund financial statements

Invested in capital assets, net of related debt - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.

Restricted - represents net assets restricted externally by creditors, grantors, contributors or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the School's net assets in government-wide and business-type activities.

NOTE 10 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

From time to time, the School may be party to various lawsuits arising out of the normal conduct of its operations. In the opinion of the School's management, the ultimate effect of these legal matters will not have a material adverse effect on the School's financial position.

NOTE 11 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, and errors and omissions. The School pays premiums to a private insurance carrier for all forms of coverage. The insurance carrier promises to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period, in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no reduction in coverage and there have been no settlements since coverage began.

CALHOUN FALLS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
1000 Revenue from local sources				
1700 Pupil activities				
1790 Other pupil activity income	$ -	$ -	$ 14,404	$ 14,404
1900 Other revenue from local sources				
1920 Contributions and donations from private sources	40,000	40,000	66,883	26,883
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	100,000	100,000	10,401	(89,599)
Total local sources	140,000	140,000	91,688	(48,312)
3000 Revenue from state sources				
3100 Restricted state funding				
3120 General education				
3129 Consolidated funding	-	-	6,249	6,249
3180 Fringe benefits employer contributions	-	-	141,563	141,563
3190 Miscellaneous restricted state grants				
3199 Other restricted state grants	-	-	6,275	6,275
3300 Education Finance Act (EFA)				
3310 Full-time programs				
3313 Elementary	287,462	287,462	192,428	(95,034)
3314 High school	537,108	537,108	264,942	(272,166)
3320 Part-time programs				
3321 Emotionally handicapped	15,857	15,857	5,323	(10,534)
3322 Educable mentally handicapped	6,059	6,059	9,435	3,376
3323 Learning disabilities	102,571	102,571	56,769	(45,802)
3326 Orthopedically handicapped	7,103	7,103	-	(7,103)
3330 Miscellaneous EFA programs				
3331 Autism	-	-	2,624	2,624
Total state sources	956,160	956,160	685,608	(270,552)
Total revenue all sources	1,096,160	1,096,160	777,296	(318,864)
EXPENDITURES				
100 Instruction				
110 General instruction				
112 Primary programs				
400 Supplies and materials	-	-	3,963	(3,963)
	-	-	3,963	(3,963)
113 Elementary programs				
100 Salaries	522,325	490,980	368,920	122,070
200 Employee benefits	153,252	142,344	107,485	34,859
300 Purchased services	-	-	400	(400)
400 Supplies and materials	-	-	7,511	(7,511)
500 Capital outlay	-	-	1,939	(1,939)
	675,577	633,324	486,255	147,079
114 High school programs				
100 Salaries	-	-	45,934	(45,934)
200 Employee benefits	-	-	11,054	(11,054)
400 Supplies and materials	-	-	193	(193)
	-	-	57,181	(57,181)
120 Exceptional programs				
127 Learning disabilities				
100 Salaries	51,000	51,000	35,008	15,992
200 Employee benefits	15,416	15,416	14,328	1,088
500 Capital outlay	-	-	311	(311)
	66,416	66,416	49,647	16,769

(Continued)

CALHOUN FALLS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
EXPENDITURES, Continued				
100 Instruction, continued				
140 Special programs				
145 Homebound				
100 Salaries	3,000	3,000	135	2,865
200 Employee benefits	230	230	51	179
	3,230	3,230	186	3,044
170 Summer school programs				
175 Instructional programs beyond regular school day				
100 Salaries	-	-	30	(30)
200 Employee benefits	-	-	2	(2)
300 Purchased services	-	-	1,190	(1,190)
	-	-	1,222	(1,222)
Total instruction	745,223	702,980	598,454	104,526
200 Support services				
210 Pupil services				
213 Health services				
100 Salaries	34,000	34,000	21,583	12,417
200 Employee benefits	10,520	10,520	6,572	3,948
	44,520	44,520	28,155	16,365
220 Instructional staff services				
224 Improvement of instruction inservice and staff training				
300 Purchased services	-	-	179	(179)
	-	-	179	(179)
230 General administrative services				
231 Board of Education				
300 Purchased services	-	-	835	(835)
318 Audit services	16,053	16,053	11,581	4,472
400 Supplies and materials	-	-	4,046	(4,046)
600 Other objects	-	-	12,735	(12,735)
	16,053	16,053	29,197	(13,144)
233 School administration				
100 Salaries	82,000	82,000	82,000	-
200 Employee benefits	24,766	24,766	29,942	(5,176)
300 Purchased services	-	-	99	(99)
400 Supplies and materials	-	-	5,664	(5,664)
500 Capital outlay	-	-	4,999	(4,999)
	106,766	106,766	122,704	(15,938)
250 Finance and operations services				
252 Fiscal services				
300 Purchased services	24,000	24,000	16,563	7,437
600 Other objects	375	375	1,353	(978)
	24,375	24,375	17,916	6,459
254 Operation and maintenance of plant				
100 Salaries	30,000	30,000	20,884	9,116
200 Employee benefits	12,552	12,552	11,347	1,205
300 Purchased services	20,987	20,987	13,689	7,298
321 Public utilities	6,600	6,600	5,147	1,453
400 Supplies and materials	-	-	972	(972)
470 Energy	24,000	24,000	1,105	22,895
	94,139	94,139	53,144	40,995

(Continued)

CALHOUN FALLS CHARTER SCHOOL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
EXPENDITURES, Continued				
200 Support services, continued				
260 Central support services				
263 Information services				
300 Purchased services	-	-	413	(413)
	-	-	413	(413)
266 Technology and data processing services				
300 Purchased services	-	-	1,257	(1,257)
	-	-	1,257	(1,257)
270 Support services - pupil activity				
271 Pupil service activities				
600 Other objects	5,000	5,000	8,781	(3,781)
	5,000	5,000	8,781	(3,781)
Total support services	290,853	290,853	261,746	29,107
500 Debt service				
620 Interest	-	-	7,430	(7,430)
Total debt service	-	-	7,430	(7,430)
Total expenditures	1,036,076	993,833	867,630	126,203
OTHER FINANCING SOURCES (USES)				
Transfer out to special projects fund	-	-	(30,282)	(30,282)
Transfers in from Education Improvement Act fund	-	-	34,045	34,045
Total other financing sources (uses)	-	-	3,763	3,763
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	$ 60,084	$ 102,327	(86,571)	$ (188,898)
FUND DEFICIT, BEGINNING OF YEAR			(108,829)	
FUND DEFICIT, END OF YEAR			$ (195,400)	

(Continued)

CALHOUN FALLS CHARTER SCHOOL
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Title I BA Projects (201)	Idea CA Projects (203)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
REVENUES					
1000 Revenue from local sources					
1600 Food services					
1610 Lunch sales to pupils	$ -	$ -	$ -	$ 24,102	$ 24,102
Total local sources	-	-	-	24,102	24,102
3000 Revenue from state sources					
3100 Restricted state funding					
3120 General education					
3123 Formative assessment	-	-	756	-	756
3126 Refurbishment of K-8 science kits	-	-	767	-	767
3600 Education Lottery Act revenue					
3607 6-8 Enhancement	-	-	1,054	-	1,054
Total state sources	-	-	2,577	-	2,577
4000 Revenue from federal sources					
4300 Elementary and Secondary Education Act of 1965 (ESEA)					
4310 Title I, Basic State Grant Programs	195,200	-	-	10,945	206,145
4320 Public charter school grant	-	-	-	62,341	62,341
4350 State Fiscal Stabilization Fund (ARRA)	-	-	-	45,016	45,016
4351 Improving teacher quality	-	-	-	5,000	5,000
4500 Programs for Children with Disabilities					
4510 Individuals with Disabilities Education Act (IDEA)	-	2,700	-	-	2,700
4540 IDEA (ARRA)	-	-	-	15,932	15,932
4900 Other federal sources					
4990 Other federal revenue					
4999 Revenue from other federal sources	-	-	-	86,191	86,191
Total federal sources	195,200	2,700	-	225,425	423,325
Total revenue all sources	195,200	2,700	2,577	249,527	450,004
EXPENDITURES					
100 Instruction					
110 General instruction					
112 Primary programs					
400 Supplies and materials	-	-	767	-	767
500 Capital outlay	-	-	-	2,327	2,327
	-	-	767	2,327	3,094
113 Elementary programs					
400 Supplies and materials	-	-	1,810	33,542	35,352
500 Capital outlay	-	-	-	240	240
	-	-	1,810	33,782	35,592
114 High school programs					
100 Salaries	151,943	2,700	-	53,704	208,347
200 Employee benefits	44,001	-	-	12,693	56,694
300 Purchased services	11,155	-	-	-	11,155
400 Supplies and materials	947	-	-	-	947
600 Other objects	3,000	-	-	-	3,000
	211,046	2,700	-	66,397	280,143
Total instruction	211,046	2,700	2,577	102,506	318,829
200 Support services					
220 Instructional staff services					
224 Improvement of instruction and staff training					
300 Purchased services	-	-	-	5,089	5,089
	-	-	-	5,089	5,089

(Continued)

CALHOUN FALLS CHARTER SCHOOL
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Title I 8A Projects (201)	Idea CA Projects (203)	Other Designated Restricted State Grants (900's)	Other Special Revenue Programs (200's/800's)	Total
EXPENDITURES, Continued					
200 Support services, continued					
230 General administrative services					
231 Board of education					
300 Purchased services	-	-	-	5,048	5,048
	-	-	-	5,048	5,048
233 School administration					
300 Purchased services	-	-	-	1,531	1,531
400 Supplies and materials	-	-	-	3,961	3,961
500 Capital outlay	-	-	-	1,693	1,693
	-	-	-	7,185	7,185
250 Finance and operations services					
252 Fiscal services					
300 Purchased services	-	-	-	3,437	3,437
	-	-	-	3,437	3,437
254 Operation and maintenance of plant					
300 Purchased services	-	-	-	6,313	6,313
400 Supplies and materials	-	-	-	4,792	4,792
	-	-	-	11,105	11,105
256 Food services					
100 Salaries	-	-	-	48,472	48,472
200 Employee benefits	-	-	-	17,296	17,296
400 Supplies and materials	-	-	-	53,381	53,381
500 Capital outlay	-	-	-	132	132
	-	-	-	119,281	119,281
260 Central support services					
263 Information services					
300 Purchased services	-	-	-	459	459
	-	-	-	459	459
266 Technology and data processing services					
300 Purchased services	-	-	-	9,853	9,853
	-	-	-	9,853	9,853
Total support services	-	-	-	161,457	161,457
Total expenditures	211,046	2,700	2,577	263,963	480,286
OTHER FINANCING SOURCES					
Transfers in	15,846	-	-	14,436	30,282
Excess (deficiency) of revenues over (under) expenditures and other financing sources	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -	$ -

(Continued)

CALHOUN FALLS CHARTER SCHOOL
EDUCATION IMPROVEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Actual
REVENUES	
3000 Revenue from state sources	
3500 Education Improvement Act (EIA)	
3534 Professional development on standards	$ 2,170
3538 Students at risk of school failure	49,325
3544 High achieving students	438
3550 Teacher salary increase	18,324
3555 School employer contributions	3,791
3558 Reading	1,197
3577 Teacher supplies	4,125
3588 Maintenance of fiscal effort	11,651
Total revenues	91,021
EXPENDITURES	
100 Instruction	
110 General instruction	
112 Primary programs	
400 Supplies and materials	33
	33
113 Elementary programs	
100 Salaries	710
300 Purchased services	46,000
400 Supplies and materials	5,485
500 Capital outlay	3,292
	55,487
Total instruction	55,520
200 Support services	
220 Instructional staff services	
224 Improvement of instruction inservice and staff training	
300 Purchased services	1,456
	1,456
Total support services	1,456
Total expenditures	56,976
OTHER FINANCING USES	
Transfers out	(34,045)
Excess of revenues over expenditures and other financing uses	-
FUND BALANCE BEGINNING OF YEAR	-
FUND BALANCE END OF YEAR	$ -

CALHOUN FALLS CHARTER SCHOOL
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
For the year ended June 30, 2011

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/ (Out)	Deferred Revenue
933	3123	Formative assessment	$ 756	$ 756	$ -	$ -
908	3126	Refurbishment of science kits	767	767	-	-
967	3607	6-8 Enhancement	1,054	1,054	-	-
			$ 2,577	$ 2,577	$ -	$ -

CALHOUN FALLS CHARTER SCHOOL
EDUCATION IMPROVEMENT ACT SUMMARY SCHEDULE BY PROGRAM
For the year ended June 30, 2011

		Revenues	Expenditures	Transfers In/ (Out)	Deferred Revenue
3500 Education Improvement Act					
3534	Professional development on standards	$ 2,170	$ 2,166	$ (4)	$ -
3538	Students at risk of school failure	49,325	49,325	-	-
3544	High achieving students	438	438	-	-
3550	Teacher salary increase	18,324	-	(18,324)	-
3555	School employer contributions	3,791	-	(3,791)	-
3558	Reading	1,197	1,197	-	-
3577	Teacher supplies	4,125	3,850	(275)	-
3588	Maintenance of fiscal effort	11,651	-	(11,651)	-
	Total	$ 91,021	$ 56,976	$ (34,045)	$ -

CALHOUN FALLS CHARTER SCHOOL
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT
OF EDUCATION/ FEDERAL GOVERNMENT
June 30, 2011

Program	Grant or project number	Revenue code	Description	Amount due	Status of Amount due
None					

elliott davis

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

Board of Directors
Calhoun Falls Charter School
Calhoun Falls, South Carolina

We have audited the financial statements of Calhoun Falls Charter School (the School) as of and for the year ended June 30, 2011, and have disclaimed our opinion on our report thereon dated November 9, 2011. 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 as a basis for designing 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 the School's 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 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.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is reported in the Schedule of Findings and Responses.

This report is intended solely for the information and use of the Board of Directors, management, the South Carolina Department of Education and the federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than those specified parties.

Elliott Davis, LLC

Myrtle Beach, South Carolina
November 9, 2011

CALHOUN FALLS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor disclaimed an opinion on the financial statements.
2. Significant deficiencies relating to the audit of the financial statements were disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements were disclosed during the audit.
4. One instance of noncompliance relating to the financial statements was disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2008 B.1 - Preparation of financial statements and accrual entries in accordance with generally accepted accounting principles.

Significant deficiency

Condition and criteria: Internal controls over financial reporting should be in place to provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.

Effect: Because management is not trained currently in preparing financial statements or posting accrual entries in accordance with generally accepted accounting principles, a material misstatement to the School's financial statements could occur and not be prevented or detected by the School's internal controls over financial reporting.

Cause: Currently, management responsible for the accounting and reporting function are not trained to prepare the School's financial statements or post accrual adjustments in accordance with generally accepted accounting principles.

Auditor's recommendation: Consideration should be given to requiring management to attend or obtain additional training in this area.

Auditee's response: The School's management considers the risk tolerable when compared to the cost of implementing a mitigating control.

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010 B.2 - Documentation and segregation of duties relating to disbursements

Significant deficiency

Condition and Criteria: Internal controls over disbursements should be in place to ensure that adequate documentation is being maintained for each disbursement and to provide proper segregation of duties over the authorization, purchasing and check signing functions, including reimbursements to the Principal.

Effect: Because there is no proper segregation of duties related to disbursements, there could be instances of management override of control. The lack of documentation precludes the School from being able to substantiate all disbursements in the event of review or audit by a third party.

Cause: Currently the principal has signature authority on the account and is responsible for the authorization and purchasing function. She also signs her own reimbursement requests

Auditor's Recommendation: We believe that controls over cash disbursements would be improved if the individual responsible for authorizing and making purchases did not have check-signing authority. Therefore, at a minimum, an individual outside of the check signing function should review and approve purchases. Additionally, all disbursements should include a copy of the approved invoice, receipt or other applicable support along with the check stub.

Auditee's Response: Management is considering a control that requires monthly review of approved purchases by an additional member of management or the Board.

C. FINDINGS - COMPLIANCE

2011 C.1 - State certified teacher percentage requirement

Condition and Criteria: At times during the year, the School was not in compliance with the Charter School Law that requires that at least 75% of school teachers be certified.

Effect: The School is not in compliance with state law.

Cause: During the year, the need to fill vacated teaching positions led to the hiring of uncertified teachers.

Auditor's Recommendation: The School should formalize a policy requiring certified teachers only be replaced with certified teachers.

Auditee's Response: Since year end two teachers have earned their certifications, therefore the School is now in compliance with the 75% requirement.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2011

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Carolina Virtual Charter School
Columbia, South Carolina

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Carolina Virtual Charter School (the Charter School) as of and for the year ended June 30, 2011, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Charter School as of June 30, 2011, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2011, on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the South Carolina Virtual Charter School's basic financial statements taken as a whole. The accompanying supplementary information listed in the table of contents as supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the South Carolina Virtual Charter School. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Derrick, Stubbs & Stith, L.L.P.

September 19, 2011

Our discussion and analysis of South Carolina Virtual Charter School's (the Charter School) financial performance provides an overview of the Charter School's financial activities of the fiscal year ended June 30, 2011. Please read it in conjunction with the Charter School's financial statements (beginning on page 6) and accompanying notes to those statements in order to better understand the Charter School's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Major financial highlights for 2011 include:

- Total revenue for the 2010-2011 fiscal year was $10,847,413; which consisted of state and federal funding.
- The 2010-2011 average pupil enrollment was 2800.
- The Charter School had no long-term debt as of June 30, 2011.
- For the 2010-2011 fiscal year, actual results varied significantly from the initial year budget. A number of key assumptions, namely per pupil funding and ADM weighting, accounted for these variances. As compared to the initial assumptions, per pupil funding and ADM weighting was lower, there were decreases in special revenue funds from the original state allocation and, therefore, the general fund absorbed those expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and the notes to those statements that show information, first, for the Charter School as a whole. The subsequent statements show more details of specific financial activities. The Statement of Net Assets and the Statement of Activities (pages 6 and 7) provide financial information of both a cumulative and a longer-term nature. Fund financial statements (beginning on page 8) show the next level of detail. For governmental activities, these statements show how well the Charter School financed the fund in the short-term and how much remains for future activities. The fund financial statements also show the most important funds (e.g. the Charter School's general fund, special revenue, and Education Improvement Act funds) and other non-major funds totaled in one column.

BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the Charter School's financial standing. The next statements are Fund Financial Statements. These statements focus on the activities of the individual segments of the Charter School's government. These statements are more detailed than the government-wide financial statements. Immediately following the fund financial statements are the Notes to the Financial Statements (the Notes). The Notes offer a detailed explanation of the data contained in those statements. Next, supplemental information is provided to show details about the Charter School's funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

While the Charter School's financial statements contain a large number of funds used to provide programs and activities for our students, the Statement of Net Assets and the Statement of Activities help provide the answer to the question, "How well did we do financially in the 2010-2011 school year?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is paid or received.

These two statements report the Charter School's net assets, the difference between assets and liabilities, and the changes in them. Over time, increases or decreases in net assets, reported in the Statement of Activities, are one indicator of whether the Charter School's financial health is improving or deteriorating.

The Statement of Net Assets and the Statement of Activities are divided into two distinct kinds of activities:

- Governmental Activities – All of the Charter School's activities, such as instruction, support services, operations, and administration are reported here.

- Business-type Activities – The Charter School had no business-type activities during the 2010-2011 school year.

FUND FINANCIAL STATEMENTS

The Charter School's fund financial statements beginning on page 8 provide detailed information about the most significant funds – not the Charter School as a whole. Some funds are required to be established by State law. However, the Charter School establishes many other funds to help it manage and direct money for particular purposes or to show that it is meeting legal requirements for using grants and other money. The Charter School's governmental funds use the following approaches:

- Governmental Funds – All of the Charter School's services are reported in governmental funds. Governmental fund reporting focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the Charter School's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements (pages 9 and 11.)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. $50,122 reflects the School's investment in capital assets (computers and related equipment), less any related debt still outstanding that was issued to acquire those items. The Charter School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Table 1
Net Assets

	Governmental Activities	
	2011	2010
Current and Other Assets	$ 3,021,270	$ 1,610,585
Net Capital Assets	50,122	50,028
Total Assets	3,071,392	1,660,613
Current and Other Liabilities	3,071,392	1,660,613
Total Liabilities	3,071,392	1,660,613
Net Assets		
Invested in Capital Assets, Net	50,122	50,028
Unrestricted	(50,122)	(50,028)
Total Net Assets	$ 0	$ 0

The results of this year's operations for the Charter School as a whole are reported in the Statement of Activities. The following table takes information from that statement.

Table 2
Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenue		
Program Revenue:		
Education Finance Act	$8,830,000	$5,887,573
Education Improvement Act	812,826	381,742
Individuals with Disabilities Act	212,339	211,610
Title 1	381,724	538,667
State Stabilization	193,536	252,960
Planning and Implementation Grants	0	437,000
Other Funding	416,988	67,184
Total Revenue	10,847,413	7,776,736
Functions/Program Expense		
Instruction Service	9,988,204	7,318,158
Support Services	859,209	458,578
Total Expenses	10,847,413	7,776,736
Increase (Decrease) in Net Assets		
Net Assets July 1	$0	$0
Net Assets June 30	$0	$0

THE CHARTER SCHOOL'S FUNDS

As noted earlier, the Charter School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

The general fund is the principal operating fund of the Charter School. At the end of the current fiscal year, unreserved fund balance of the General Fund was $(50,122).

CAPITAL ASSETS AND DEBT ADMININSTRATION

Capital Assets

At June 30, 2011, the Charter School had $50,122 invested in capital assets, consisting of computers, related equipment, and software.

Table 3
Capital Assets

	Governmental Activities	
	2011	2010
Computer Equipment	$61,629	$59,463
Computer Software	14,151	14,151
Office Equipment	14,392	0
Total Before Accumulated Depreciation	90,172	73,614
Less: Accumulated Depreciation	40,050	23,586
Net Capital Assets	$50,122	$50,028

Additional information about the Charter School's capital assets can be found in Note 3 of the Notes to the Financial Statements.

Long-term Debt

As of June 30, 2011, the Charter School had no long-term debt.

ECONOMIC FACTORS

- The Charter School anticipates average enrollments for fiscal year 2012 to be approximately 3,750 students (average enrollment for 2011 was 2800).
- The Charter School has a returning staff of professionals that are committed to the Charter School.
- The Charter School will continue to seek both federal and private grants to supplement funding.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Stacy Bowen, Business Operations Manager, South Carolina Virtual Charter School, 140 Stoneridge Drive, Suite 420, Columbia, SC, 29210, or E-mail at sbowen@scvcs.org.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 2,542,694
Due from State Department of Education	148,513
Due from K12	162,891
Due from Federal Government	134,708
Other Current Assets	32,464
Total Current Assets	3,021,270
Non-Current Assets	
Computer Equipment	61,629
Computer Software	14,151
Office Equipment	14,392
Accumulated Depreciation	(40,050)
Total Non-Current Assets	50,122
Total Assets	3,071,392
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable Due to K12 Inc.	1,571,427
Due to SC Public Charter School District	1,043,762
Other Accounts Payable	78,055
Accrued Expenses	378,148
Total Current Liabilities	3,071,392
Net Assets	
Invested in Capital Assets, Net of Related Debt	50,122
Unrestricted	(50,122)
Total Net Assets	-
Total Liabilities and Net Assets	$ 3,071,392

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue & Change In Net Assets Governmental Activities
Governmental Activities			
Instruction Service	$ 9,988,204	$ 9,988,204	$ -
Support Service	859,209	859,209	-
Total Governmental Activities	$ 10,847,413	$ 10,847,413	-
	Change in Net Assets		-
	Net Assets, Beginning of the Year		-
	Net Assets, End of the Year		$ -

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Special Projects	Education Improvement Act	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 2,542,694	$ -	$ -	$ 2,542,694
Due from State Department of Education	49,536	-	98,977	148,513
Due from SC Public Charter School District	-	-	-	-
Due from Federal Government	-	134,708	-	134,708
Due from Special Revenue Fund	233,685	-	-	233,685
Due from K12	162,891	-	-	162,891
Other Assets	32,464	-	-	32,464
Total Assets	3,021,270	134,708	98,977	3,254,955
LIABILITIES				
Accounts Payable Due to K12 Inc.	1,571,427	-	-	1,571,427
Other Accounts Payable	78,055	-	-	78,055
Other Accrued Liabilities	378,148	-	-	378,148
Due to SC Public Charter School District	1,043,762	-	-	1,043,762
Due to General Fund	-	134,708	98,977	233,685
Total Liabilities	3,071,392	134,708	98,977	3,305,077
FUND BALANCES				
Unreserved				
Undesignated	(50,122)	-	-	(50,122)
Total Liabilities and Fund Balances	$ 3,021,270	$ 134,708	$ 98,977	$ 3,254,955

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Reconciliation of governmental fund balances to Statement of of Net Assets

Total Fund Balances - Governmental Funds		$ (50,122)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
Capital Assets	$ 90,172	
Accumulated Depreciation	(40,050)	50,122
Total Net Assets - Governmental Activities		$ -

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Special Projects	Education Improvement Act	Total Governmental Funds
Revenues				
State	$ 8,830,000	$ 165,169	$ 812,826	$ 9,807,995
Federal		1,024,641		1,024,641
Misc. Income (from Non-Governmental Sources)	14,777	-	-	14,777
Total Revenues	8,844,777	1,189,810	812,826	10,847,413
Expenditures				
Current				
Instruction	8,355,506	812,330	812,826	9,980,662
Support Services	472,806	377,480	-	850,286
Capital Outlay	16,559	-	-	16,559
Total Expenditures	8,844,871	1,189,810	812,826	10,847,507
Excess (Deficiency) of Revenues Over Expenditures	(94)	-	-	(94)
Fund Balance July 1, 2010	(50,028)	-	-	(50,028)
Fund Balance June 30, 2011	$ (50,122)	$ -	$ -	$ (50,122)

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Total net change in fund balance - governmental funds (from Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		$ (94)
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 expense exceeds capital outlays in the period		
Capital Outlays	$ 16,559	
Depreciation Expense	(16,465)	94
Change in Net Assets - Governmental Activities		$ -

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

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State	$ 8,952,102	$ 8,830,000	$ (122,102)
Misc. Income (from Non-Governmental Sources)	5,000	14,777	9,777
	8,957,102	8,844,777	(112,325)
Expenditures			
Current			
Instruction	8,296,153	8,355,506	(59,353)
Support Services	660,949	472,806	188,143
Capital Outlay	-	16,559	(16,559)
Total Expenditures	8,957,102	8,844,871	112,231
Excess (Deficiency) of Revenues Over Expenditures	$ (8,952,102)	(94)	$ 8,952,008
Fund Balance, July 1, 2010		(50,028)	
Fund Balance, June 30, 2011		$ (50,122)	

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

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting policies of South Carolina Virtual Charter School (the Charter School) conform to accounting principles generally accepted in the United States of America as applicable to government agencies. The following is a summary of the more significant accounting policies:

Reporting entity: The Charter School is a non-profit organization incorporated under the South Carolina Charter School Act of 1994 [Chapter 31, Title 33, S.C. Code (the "Nonprofit Act")]. The Charter School began operations in July 2008, and signed the agreement with the South Carolina Public Charter School District (the District) on August 5, 2008. The Charter School's charter was approved on March 6, 2008, by the District. The Charter School receives state and federal funding and must adhere to the legal requirements of each funding entity. The Charter School operates under the direction of a seven member Board of Directors and Dr. Cherry Daniel, the Head of School. Board members serve one year terms which begin on October 1 and expire on September 30. The Charter School operates an online-based curriculum and serves students in grades kindergarten through 12th throughout the state of South Carolina. South Carolina Virtual Charter School provided educational services to approximately 2,800 students during fiscal year 2011.

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The School is a component unit of the South Carolina Public Charter School District.

The primary entity is financially accountable if it appoints a voting majority of the organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the Board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers: determine its budget without another government's having the authority to approve and modify that budget, levy taxes or set rates of charges without approval by another government, and issue bonded debt without approval by another government.

Basis of presentation: The financial statement presentation for the Charter School meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* The financial statement presentation provides a comprehensive, entity-wide perspective of the Charter School's net assets, revenue, expenses and changes in net assets that replaces the fund-group perspective previously required.

The statements of the Charter School are presented as follows:

Government-wide financial statements: The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. The Charter School had no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not program revenues are presented as general revenues.

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of presentation (continued):

Government-wide financial statements (continued):

Fund financial statements: The Fund financial statements provide information about the Charter School's funds. The emphasis of fund financials statements is on major governmental funds each displayed in a separate column. All of the Charter School's governmental funds are reported as major funds.

The Charter School reports the following major governmental funds:

General fund: The General Fund is the general operating fund of the Charter School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. Operational expenditures for general instruction, support services, general administration and other departments of the Charter School are paid through the General Fund.

Special revenue fund – special projects fund: The Special Revenue Projects Fund accounts for the financial transactions of the various special projects in which the Charter School participates. All special projects supported in whole or in part with federal and state resources (other than Education Improvement Act proceeds) are accounted for in this fund.

Special revenue fund – Education Improvement Act: The Education Improvement Act (EIA) fund accounts for the proceeds of the additional one percent sales and use tax that are restricted to expenditures of the Education Improvement Act strategies. The purpose of the EIA, in general, is to provide additional funding to school Schools for the purpose of raising academic standards by providing for, among other purposes, basic skills remediation, teacher salary increases and the modernization of equipment and instructional facilities.

Measurement focus and basis of accounting: Government-wide, proprietary, and fiduciary fund financial statements: The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Funds received but not yet earned are reflected as deferred revenues.

Under the terms of grant agreements, the Charter School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program.

Budgets and budgetary accounting: The Charter School's sole adopted budget (prepared by K12 Virtual Schools, LLC – explained in financial Note 13) is for the general fund as approved by the Board of Directors prior to the beginning of each fiscal year. The adopted budget specifies total expenditure limits.

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and budgetary accounting (continued): The Charter School's Board, for any expenditure exceeding total appropriations, makes supplemental budget appropriations. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions during the fiscal year.

The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America and consistent with actual financial statement presentation to provide meaningful comparisons.

Cash and equivalents: The Charter School has no investments or other cash equivalents. All of the Charter School's funds are in the cash operating account.

Accounts receivable: Accounts receivable consists of amounts due from the Federal government, state governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Charter School's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Prepaid items: Payments made to vendors for services benefiting future periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital assets: Capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets are stated at cost at the date of acquisition. The Charter School capitalizes moveable personal property with a unit value in excess of $ 1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is sixty (60) months for computers and related equipment. Depreciation is pro-rated for the year the asset is placed in service and in the year of disposition.

Unearned revenues: Deferred revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned.

Compensated absences: At the beginning of the reporting year, the Charter School amended its policy with regards to compensated absences, in that employees no longer accrue vacation. In exchange for elimination of vacation days, employees are given a portion of the summer off.

Non-exchange transactions: The Charter School generally has two types of non-exchange transactions, government-mandated non-exchange transactions (which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose) and voluntary non-exchange transactions (which result from legislative or contractual agreements other than exchanges, entered into willingly by the parties to the agreement).

The Charter School recognizes non-exchange transactions when they are both measurable and probable for collection. For government-mandated non-exchange transactions and voluntary non-exchange transactions, the Charter School recognized assets when all applicable eligibility requirements are met or resources are received, whichever is first, and revenue when all applicable eligibility requirements are met.

Net assets/fund balances: The Charter School's net assets in the government-wide financial statements are classified as follows:

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Invested in capital assets, net of related debt: This represents the Charter School's total investment in capital assets, net of accumulated depreciation and reduced by outstanding liabilities that are attributable to the acquisition of those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt but rather as a restricted net asset.

Restricted net assets: Restricted net assets include resources in which the Charter School is legally or contractually obligated by external parties such as lenders, grantors or contributors or by laws or regulations to spend in accordance with the restrictions imposed.

Unrestricted net assets: Unrestricted net assets consist of all other net assets not included in the above categories.

The Charter School's policy for applying expenses that can use both restricted and unrestricted resources is designated to the program administrative level. General practice is to first apply the expense to the restricted resource then to unrestricted resources.

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not available for appropriation, are legally separated for a specific purpose, or are restricted by a grant agreement.

The governmental fund types classify fund balances as follows:

Unreserved:

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

Income taxes: The Charter School is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code.

Classification of revenues: The Charter School has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions related to the Charter School's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services or (2) grants and contracts that are essentially the same as contracts for services that finance programs the Charter School would not otherwise undertake.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, investment income, and any grants or contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Notes to the Basic Financial Statements

Note 2. Cash and Cash Equivalents

Credit risk: The Charter School maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Charter School has not experienced any losses in the account and believes it is not exposed to any significant credit risk involving cash. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $ 250,000 per bank. At June 30, 2011, the Charter School had $ 2,470,002 on deposit with the bank, which exceeded FDIC insured limits by $ 2,220,002.

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government.

Foreign currency risk: The Charter School has no foreign currency investments.

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Addtions/ Transfers	Deletions/ Transfers	Balance June 30, 2011
Governmental activities				
Computer hardware	$ 59,463	$ 2,166	$ -	$ 61,629
Computer software	14,151	-	-	14,151
Office equipment	-	14,393	-	14,393
Total capital assets, being depreciated at historical cost	73,614	16,559	-	90,173
Less, accumulated depreciation				
Computer hardware	(20,992)	(12,254)	-	(33,246)
Computer software	(2,594)	(2,830)	-	(5,424)
Office equipment	-	(1,381)	-	(1,381)
Total accumulated depreciation	(23,586)	(16,465)	-	(40,051)
Governmental activities capital assets, net	$ 50,028	$ 94	$ -	$ 50,122

Depreciation expense was charged to governmental functions as follows:

Government Activities	
Instruction	$ 7,542
Support	8,923
Total depreciation – governmental activities	$ 16,465

Note 4. Accounts Payable

Accounts payable consists primarily of amounts due to K12 Inc. as discussed in detail in Note 14.

Notes to the Basic Financial Statements

Note 5. Operating Leases

The Charter School is obligated to account for certain leases as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the Charter School's account groups. Current lease expenditures for the year ended June 30, 2011, were $ 73,988. The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011:

Year Ended June 30	Totals
2012	$ 104,252
2013	107,667
2014	110,592
2015	114,497
2016	37,565
Total Minimum Lease Payments	$ 474,573

Note 6. Retirement Plan

South Carolina Retirement System ("SCRS")

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues a publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System are actuarially determined. Annual benefits payable monthly for life are based on length of service and on average final compensation.

The majority of employees of the Charter School are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group life insurance benefits to eligible employees and retirees.

The South Carolina Retirement System issues a publicly available Comprehensive Annual Financial Report containing financial statements and supplementary information for the South Carolina Retirement System and the Police Officers Retirement System. The report is publicly available at http://www.retirement.sc.gov or a copy may be obtained by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, S.C. 29211-1960.

Funding policy: Both employees and employers are required to contribute to the Plan under authority of Title 9 of the S.C. Code of Laws. Employees are required to contribute to the Plan, 6.50% of all earnings. Employers are required to contribute at the actuarially determined rate of 12.74%, which includes a 3.50% surcharge to fund retiree health and dental insurance coverage. In addition, participating employers also contribute .15% of annual covered payroll for group life insurance benefits for their participants.

Notes to the Basic Financial Statements

Note 6. Retirement Plan (Continued)

South Carolina Retirement System ("SCRS") (Continued)

The employer contribution and the actual percentage contributed of total covered payroll by the employer for the fiscal year is as follows:

June 30	Covered Payroll	Employer Contribution	Percent Required Contributions Paid
2011	$ 2,052,831	$ 269,742	100%
2010	1,170,770	149,156	100%

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost-of-living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. For employees who entered the TERI program after July 1, 2005, they are required to pay member contributions.

Note 7. Inter-fund Receivables and Payables

The composition of inter-fund balances as of June 30, 2011, is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 233,685	$ -
Special Projects	-	134,708
EIA	-	98,977
Total for Primary Government	$ 233,685	$ 233,685

Due to general fund from special revenue funds: At June 30, 2011, the Charter School had not yet received some payments for the IDEA program (Individuals with Disabilities Improvement Act), Charter School Program Grant, State Stabilization, and the Title 1 program. Accordingly, the General Fund must temporarily provide funds for these project expenditures until such time as the related reimbursement from the grantor agency is received. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

Due to and from other funds: The Charter School uses one bank account to hold deposits and to issue checks which results in the inter-fund receivables and payables for each of the funds. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

Note 8. Risk Management

The Charter School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charter School pays an annual premium to the Charter Safe Insurance Program of Arthur J. Gallagher and Co. for all forms of coverage. The Charter Safe Insurance Program of Arthur J. Gallagher and Co. reinsures through commercial companies.

Notes to the Basic Financial Statements

Note 9. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Charter School expects such amounts, if any, to be immaterial.

Note 10. Legal Compliance

All schedules and exhibits are presented in the level of detail as required by the South Carolina Department of Education. Account numbers are presented on the combining fund statements and supporting schedules as required.

Note 11. Rent Expense

The office lease includes an escalation in rent payments over the life of the lease. The Charter School expenses equal monthly amounts over the life of the lease period at a rate of $ 8,557 per month. The difference between the amount expensed and the actual amount paid is recorded in a deferred rent expense account. The balance at June 30, 2011, was $ 25,893.

Note 12. Internet Service Provider Reimbursement

Students demonstrating a need as determined by the federal standards for free and reduced lunch are eligible to receive funds from the Charter School for internet service provider reimbursement.

The Charter School's policy is for families of kindergarten through twelfth grade students receive ten dollars per month for up to ten months. The reimbursement rate is a flat rate per family, regardless of the amount of children the family has enrolled in the Charter School.

Note 13. Service Agreement with K12 Virtual Schools, LLC

The Charter School and K12 Virtual Schools, LLC and its affiliates ("K12") entered a contract on January 9, 2009, with the agreement that K12 would provide the Charter School with the K12 curriculum, instructional tools, and other products along with administrative and technology services. K12 also agrees to assist the Charter School with the preparation and submission of reports on the Charter School's finances in addition to those financial repots required by applicable laws. The agreement remains in effect upon signature ("Effective Date") and remains in effect until June 30, 2013 ("Initial Term") unless terminated prior to that date. Following the Initial Term, the agreement automatically extends for an additional five year period ("Renewal Term'), unless either party provides written noticed 18 months prior to expiration of the then-current term, or the agreement is terminated under other grounds. K12 Virtual Schools, LLC can be contacted at: K12 Virtual Schools, LLC; 2300 Corporate Park Drive, Suite 200; Herndon, VA 20171.

Termination of contract: The contract agreement as stated above between the Charter School and K12 can be terminated for various reasons. Those grounds for termination include: breach, material reduction in qualified revenue, a material increase in the price of educational products, failure of the Charter School to receive accreditation from its regional accrediting agency, loss of charter or non-profit status, material reduction in performance by K12, or the event of certain changes in the charter, the customer-sponsor agreement, customer policies, or applicable laws. K12 may terminate the contract agreement effective upon 30 days written notice to the Charter School in the event that the Charter School does not approve the budget or propose modifications to a budget within 30 days following the submission of a proposal by K12 or insists on a budget which would require K12 to Issue Deficit Credits in an amount greater than what has been proposed by K12, if any.

Notes to the Basic Financial Statements

Note 13. Service Agreement with K12 Virtual Schools, LLC (Continued)

Budget: Each year K12 proposes the first draft of the annual budget for the Charter School for the upcoming term. K12 prepares the budget based on assumptions, the number of administrative staff to be employed, number of teachers to be employed, and the proposed compensation for the Head of School, and for each person reporting to the Head of School. The Charter School then has the option of adopting or revising the budget, and any modifications must be reported to K12 within 30 days following the receipt of the original budget from K12, after which K12 and the Charter School will resolve any differences.

Deficit credits: As part of the agreement with K12, the Charter School's objective is to avoid operating at a deficit. If, however, the Charter School does end the fiscal year in a deficit, K12 will issue "deficit credits" to cover the deficit. A typical deficit credit would reduce expenses charged from K12 and reduce the payable balance due to K12 from the Charter School. Expenses to be reduced include curriculum expense, materials expense, computer lease expense, and the management and technology fees. If there are any surpluses in subsequent years, 50% of that surplus will go towards repaying deficit credits issued in previous years and charging the amounts to expense at that time. If at the conclusion of the agreement with K12 there remains a deficit credit balance, the amount will be forgiven in full by K12.

The deficit credit issued is as follows:

Fiscal Year June 30	Deficit Credit Issued
2011	$ 6,369,888
2010	3,473,262
2009	2,611,152
Cumluative Total	$ 12,454,302

Payment: The Charter School pays K12 for educational products and administrative fees that include: course, material, and computers fees for teachers and students. All computers are leased and supplied to the Charter School's students by K12, and all text books and other materials are distributed by K12. The Charter School pays K12 15 percent of qualified revenues for administrative services and seven percent for technology services. Textbooks, materials, and the computer leases are set at fixed fees. Payments from qualifying revenues are made in the following order: sponsor fee, teacher salaries, program expenses, administrative and technology fees, and repayment of any advances or deficit credits. However if the Charter School adopts a budget that would cause K12 to increase materially the level of services required to be provided or to materially increase the financial risk to K12 from its obligations (meaning K12 would have to issue deficit credits greater than the amount proposed), K12 may terminate the contract and the payment priority would change to: educational products payable to K12, administrative and technology fees, repayment of any advances or deficit credits, sponsor fee, teacher salaries, and then program expenses.

Advances: In the event that the cash receipts of the Charter School available are insufficient to cover payment of the Charter School's expenses, K12 will advance to the Charter School necessary funds. The Charter School is then obligated to repay any advances when there is a surplus (though the repayment can not exceed 90% of the surplus for that year).

Notes to the Basic Financial Statements

Note 14. Related Party Transactions

The amounts below represent expenses incurred by the Charter School for services provided for the year ended June 30, 2011, under the contract with K12.

Description	Amount
Student Curriculum Expense	$ 5,647,547
Teacher Curriculum Expense	161,330
Student Materials	3,288,938
Teacher Materials	25,956
Teacher Computer Expense	61,325
Computer Lease Expense	864,277
Total Expenses Billed	10,049,373
Deficit Credit	(3,985,669)
Total K12 Expenses	$ 6,063,704

Note 15. Legal Compliance

All schedules and exhibits are presented in the level of detail as required by the South Carolina Department of Education. Account numbers are presented on the combining fund statements and supporting schedules as required.

Note 16. Subsequent Events

The Charter School has evaluated subsequent events through September 19, 2011, the date on which the financial statements were available to be issued. No events have occurred through this date that would require recognition or disclosure in the financial statements.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3129 New Consolidated Fund	$ -	$ 52,063	$ 52,063
3180 Fringe Benefits Employer Contributions	372,956	858,897	485,941
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	467,697	320,199	(147,498)
3312 Primary	1,335,922	1,034,938	(300,984)
3313 Elementary	3,034,579	2,457,997	(576,582)
3314 High School	2,390,752	2,849,375	458,623
3316 Speech Handicapped	191,420	203,398	11,978
3320 Part-Time Programs:			
3321 Emotionally Handicapped	124,567	94,552	(30,015)
3322 Educable Mentally Handicappec	23,130	22,961	(169)
3323 Learning Disabilities	820,501	770,780	(49,721)
3324 Hearing Handicapped	16,682	4,938	(11,744)
3325 Visually Handicapped	-	2,261	2,261
3326 Orthopedically Handicappec	23,550	15,727	(7,823)
3330 Miscellaneous EFA programs	24,888	28,866	3,978
3331 Autism	130,459	113,048	(17,411)
TOTAL REVENUE - STATE SOURCES	8,957,103	8,830,000	(127,103)
Revenue from Misc. Sources	-	14,777	14,777
TOTAL REVENUE	8,957,103	8,844,777	(112,326)
EXPENDITURES			
100 INSTRUCTION			
110 General Instruction:			
100 Salaries	1,448,108	1,036,952	411,156
200 Employee Benefits	450,239	812,515	(362,276)
300 Purchased Services	2,918,718	3,868,487	(949,769)
400 Supplies and Materials	2,997,866	2,553,300	444,566
120 Exceptional Programs:			
100 Salaries	378,033	71,175	306,858
200 Employee Benefits	117,190	11,729	105,461
300 Purchased Services	178,672	1,348	177,324
TOTAL INSTRUCTION	8,488,826	8,355,506	133,320
200 SUPPORT SERVICES			
230 General Administration Services:			
233 School Administration:			
100 Salaries	-	3,794	(3,794)
200 Employee Benefits	-	15,248	(15,248)
300 Purchased Services	261,377	267,664	(6,287)
500 Capital Outlay	-	16,559	(16,559)
250 Finance and Operations Services:			
254 Operation and Maintenance of Plant			
300 Purchased Services	175,000	143,315	31,685
400 Supplies and Materials	31,900	42,785	(10,885)
TOTAL EXPENDITURES, EXCLUDING CAPITAL OUTLAY	468,277	472,806	(4,529)
Total capital outlay	-	16,559	(16,559)
TOTAL SUPPORT SERVICES	468,277	489,365	(21,088)
TOTAL EXPENDITURES	8,957,103	8,844,871	112,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	(94)	$ (94)
FUND BALANCE, JULY 1, 2010		(50,028)	
FUND BALANCE, JUNE 30, 2011		$ (50,122)	

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL PROGRAMS
YEAR ENDED JUNE 30, 2011

REVENUES	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	OTHER RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
3000 Revenue from State Sources					
3100 Restricted State Funding:					
3118 EEDA Career Specialists	$ -	$ -	$ 81,495	$ -	$ 81,495
3600 Education Lottery Act Revenue:					
3607 6-8 Enhancement	-	-	6,984	-	6,984
3610 K - 5 Enhancement	-	-	76,690	-	76,690
TOTAL STATE SOURCES	-	-	165,169	-	165,169
4000 Revenue from Federal Sources					
4300 Elementary and Secondary Education Act of 1965:					
4310 Title I, Basic State Grant Programs	381,724	-	-	142,706	524,430
4315 ARRA Title I, Basic State Grant Programs	-	-	-	17,598	17,598
4350 State Stabilization Fund (ARRA)	-	-	-	193,536	193,536
4351 Improving Teacher Quality	-	-	-	1,410	1,410
4500 Programs for Children with Disabilities:					
4510 IDEA	-	212,339	-	-	212,339
4520 Pre-School Grants (IDEA)	-	-	-	2,306	2,306
4540 IDEA (ARRA 611)	-	-	-	73,022	73,022
TOTAL FEDERAL SOURCES	381,724	212,339	-	430,578	1,024,641
TOTAL REVENUE ALL SOURCES	381,724	212,339	165,169	430,578	1,189,810
EXPENDITURES					
100 INSTRUCTION					
110 General Instruction					
100 Salaries	158,507	49,500	165,169	411,570	784,746
300 Purchased Services	27,334	-	-	-	27,334
400 Supplies and Materials	250	-	-	-	250
TOTAL INSTRUCTION	186,091	49,500	165,169	411,570	812,330
200 SUPPORT SERVICES:					
233 School Administration:					
100 Salaries	155,500	-	-	-	155,500
300 Purchased Services	40,133	162,839	-	19,008	221,980
254 Operation and Maintenance of Plant					
500 Capital Outlay	-	-	-	-	-
Total expenditures, excluding capital outlay	195,633	162,839	-	19,008	377,480
Capital Outlay	-	-	-	-	-
TOTAL SUPPORT SERVICES	195,633	162,839	-	19,008	377,480
TOTAL EXPENDITURES	381,724	212,339	165,169	430,578	1,189,810
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCE, JULY 1, 2010	-	-	-	-	-
FUND BALANCE, JUNE 30, 2011	$ -	$ -	$ -	$ -	$ -

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2011

REVENUES		
3000 Revenue from State Sources		
3500 Education Improvement Act		
3511 Professional Development on Standards (PDS)	$	16,127
3526 Refurbishment of K-8 Science Kits		10,657
3532 NBC Certification		73,675
3533 Teacher of the Year Award		1,077
3538 At Risk Student Learning		463,438
3540 Early Childhood Programs		1,638
3544 Academically/Artistically Advanced		1,148
3550 Teacher Salary Increase		92,485
3555 School Employer Contributions		19,403
3558 Reading		12,931
3577 Teacher Supplies		19,250
3588 IDEA - Maintenance of Effort		100,997
TOTAL REVENUE		812,826
EXPENDITURES		
100 INSTRUCTION		
110 General Instruction:		
100 Salaries		643,606
200 Employee Benefits		19,403
400 Supplies and Materials		29,907
Total 110 General Instruction		692,916
120 Exceptional Programs:		
100 Salaries		100,997
139 Early Childhood Programs		
400 Supplies and Materials		1,638
143 Advanced Placement		
400 Supplies and Materials		1,148
224 Improvement of Instruction Inservice and Staff Training		
300 Purchased Services		16,127
TOTAL INSTRUCTION		812,826
Excess (Deficiency) of Revenues over Expenditures		-
FUND BALANCE, JULY 1, 2010		-
FUND BALANCE, JUNE 30, 2011	$	-

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM -
YEAR ENDED JUNE 30, 2011

PROGRAM	Revenues	Expenditures	Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act:				
3526 Refurbishment of K-8 Science Kits	$ 10,657	$ 10,657	$ -	$ -
3511 Professional Development on Standards (PDS)	16,127	16,127	-	-
3532 National Board Certification	73,675	73,675	-	-
3533 Teacher of the year Award	1,077	1,077	-	-
3538 At Risk Student Learning	463,438	463,438	-	-
3540 Early Childhood Programs	1,638	1,638	-	-
3544 Academically/Artistically Advanced	1,148	1,148	-	-
3550 Teacher Salary Increase	92,485	92,485	-	-
3555 School Employer Contributions	19,403	19,403	-	-
3558 Reading	12,931	12,931	-	-
3577 Teacher Supplies	19,250	19,250	-	-
3588 IDEA - Maintenance of Effort	100,997	100,997	-	-
TOTALS	$ 812,826	$ 812,826	$ -	$ -

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
JUNE 30, 2011

No funds are due to state/federal government.

DERRICK, STUBBS & STITH, L.L.P.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
South Carolina Virtual Charter School
Columbia, South Carolina

We have audited the financial statements of South Carolina Virtual Charter School as of and for the year ended June 30, 2011, and have issued our report thereon dated September 19, 2011. 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 South Carolina Virtual Charter School's internal control over financial reporting as a basis for designing 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 Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Carolina Virtual Charter School's 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Carolina Virtual Charter 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*.

This report is intended solely for the information and use of the Board of Directors, management, K12, Inc., the South Carolina Department of Education, the South Carolina Public Charter School District, and applicable federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Derrick, Stubbs & Stith, L.L.P.

September 19, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
South Carolina Virtual Charter School
Columbia, South Carolina

Compliance

We have audited the compliance of South Carolina Virtual Charter School with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. South Carolina Virtual Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of South Carolina Virtual Charter School's management. Our responsibility is to express an opinion on South Carolina Virtual Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Carolina Virtual Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Carolina Virtual Charter School's compliance with those requirements.

In our opinion, South Carolina Virtual Charter School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1.

Internal Control over Compliance

The management of South Carolina Virtual Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered South Carolina Virtual Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Carolina Virtual Charter School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, K12 Inc., the South Carolina Department of Education, the South Carolina Public Charter School District, and applicable federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Derrick, Stubbs & Stith, L.L.P.

September 19, 2011

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
	U. S. Department of Education:			
	Passed Through SDE:			
201	Title I Grants to Local Educational Agencies**	84.010	11BA094	$ 381,724
222	Title I Grants to Local Educational Agencies, ARRA**	84.389	10SA094	17,698
237	Title I School Improvement	84.010A	11BJ0594	142,706
	Total Title I			542,028
203	Special Education - Grants to States (IDEA, Part B)	84.027B	10CA094	212,339
215	Special Education - Grants to States (IDEA, Part B), ARRA	84.391B	10SC094	73,022
216	Special Education - Preschool Grants (IDEA, Part B), ARRA	84.392B	10SG094	2,306
	Total U. S. Department of Education			287,667
250	State Fiscal Stabilization, Recovery Act	84.394	10SF094	193,536
267	Title II Improving Teacher Quality	84.367	11TQ094	1,410
		Total Federal Assistance Expended		$ 1,024,641

** Denotes Major Program

Summary of Significant Accounting Policies:

This schedule includes the federal grant activity of South Carolina Virtual Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The financial activity shown in this schedule reflects amounts recorded by the South Carolina Virtual Charter School during its fiscal year July 1, 2010, through June 30, 2011, and, accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the Charter School's year.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

A. Summary of Auditor's Results:

(i) Type of report issued on financial statements		Unqualified
(ii) Material weaknesses in internal control over financial reporting		None Identified
(iii) Significant deficiencies not considered to be material weaknesses in internal control over finahcial reporting		None Identified
(iv) Noncompliance material to the financial statements		None Noted
(v) Material weaknesses in internal control over major programs		None Identified
(vi) Significant deficiencies not considered to be material weaknesses in internal control over major programs		None Identified
(vii) Type of report issued on compliance for major programs		Unqualified
(viii) Audit findings required to be reported under paragraph .510(a) OMB 133		None Disclosed
(ix) Identification of major programs:		
U.S. Department of Education:	CFDA#	Expenditure
Title I Grants,	84.010	$ 381,724
Title I Grants, Recovery Act	84.389	17,598
Title 1 School Improvement	84.010A	142,706
Total Title I		542,028
Special Education - IDEA	84.027B	212,339
Special Education - IDEA - ARRA	84.391B	73,022
Preschool Grants - IDEA - ARRA	84.392B	2,306
Total IDEA		$ 287,667
(x) Dollar threshold used to distinguish between Type A and Type B programs		$ 300,000
(xi) South Carolina Virtual Charter School qualifies as a low risk auditee under paragraph .530 OMB 133		Yes

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2010-1. Support of Federal Salaries and Wages

Condition
The Title I Program did not meet the requirements for the support of federal salaries and wages as prescribed in Section 8h of the OMB Circular A-87 "Cost and Principles for State, Local, and Indians Tribal Units."

Criteria
When employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports. This is required when employees work on more than one federal award, a federal award and a non federal award, an indirect cost and a direct cost activity, two or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

Cause
Charter School personnel were not aware of these requirements.

Effect
The noted programs do not meet the requirements of Section 8h of the OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Units," for the support of federal salaries and wages.

Recommendation
All salaries paid with federal wages in full or in part should maintain the required certifications and personnel activity reports as applicable.

Charter School's Response
The Charter School concurs with this recommendation and has taken steps to ensure that Charter School personnel comply with Section 8h of the OMB Circular A-87 "Cost and Principles for State, Local, and Indians Tribal Units for the support of federal salaries and wages. These steps should enable the Charter School to be in compliance for fiscal year 2011.

SOUTH CAROLINA VIRTUAL CHARTER SCHOOL
SCHEDULE OF CORRECTIVE ACTION PLAN
JUNE 30, 2011

No corrective action plan is required for the year ending June 30, 2011.

SOUTH CAROLINA
CONNECTIONS ACADEMY, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
South Carolina Connections Academy, Inc.
Columbia, South Carolina

We have audited the accompanying statement of financial position of South Carolina Connections Academy, Inc. (SCCA), as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of SCCA's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCCA as of June 30, 2011, and the changes in its net assets and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011, on our consideration of SCCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCCA's financial statements as a whole. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us 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

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United States of America. In our opinion, based on our audit, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Columbia, South Carolina
October 17, 2011

Clark Eustace Wagner, CPA, PA

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS

Current assets		
Cash and cash equivalents	$	175,116
Grants receivable		513,156
Prepaid expenses		5,463
Total current assets		693,735
Capital assets, net of accumulated depreciation and amortization		
Property and equipment		16,636
Leasehold improvements		475
Intangible assets		32,194
Total capital assets, net of depreciation and amortization		49,305
Other assets		
Security deposits		5,294
Total assets	$	748,334

LIABILITIES AND NET ASSETS

Current liabilities		
Due to related party	$	737,988
Total current liabilities		737,988
Net assets (deficit)		
Unrestricted		10,346
Total net assets (deficit)		10,346
Total liabilities and net assets (deficit)	$	748,334

The accompanying notes are an integral part of these financial statements.

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

UNRESTRICTED NET ASSETS	
Unrestricted Revenue and Support	
Contributions	$ 2,079,500
Other income	18,056
Total unrestricted revenue and support	2,097,556
Net Assets Released From Restrictions	
Satisfaction of program restrictions	10,246,333
Total unrestricted revenue, support, and reclassifications	12,343,889
Expenses	
Program Services	
Instruction	10,283,290
Supporting Services	
Management and general	
Administration	1,406,740
Support services	632,518
Facility and office costs	21,466
Total management and general	2,060,724
Total supporting services	2,060,724
Total expenses	12,344,014
Change in unrestricted net assets from operations	(125)
Change in unrestricted net assets	(125)
TEMPORARILY RESTRICTED NET ASSETS	
Grants	
Federal - South Carolina Public Charter School District	887,377
State - South Carolina Public Charter School District	9,358,956
Net assets released from restrictions	
Federal - South Carolina Public Charter School District	(887,377)
State - South Carolina Public Charter School District	(9,358,956)
Change in temporarily restricted net assets	-
Change in net assets	(125)
NET ASSETS (DEFICIT) - BEGINNING	10,471
NET ASSETS (DEFICIT) - ENDING	$ 10,346

The accompanying notes are an integral part of these financial statements.

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
STATEMENT OF CASH FLOWS
June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (125)
Adjustments to reconcile the change in net assets to net cash from operating activities:	
Depreciation and amortization	21,466
(Increase) decrease in accounts receivable	(255,276)
(Increase) decrease in prepaid expenses	(318)
Increase (decrease) in due to related party	(523,894)
Net cash from operating activities	(758,147)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(931)
Net cash from investing activities	(931)
Net decrease in cash and cash equivalents	(759,078)
CASH AND CASH EQUIVALENTS - BEGINNING	934,194
CASH AND CASH EQUIVALENTS - ENDING	$ 175,116

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Carolina Connections Academy, Inc. (SCCA) is a public virtual charter school located in Columbia, South Carolina that serves students in grades K-12. The school opened in August 2008. Students residing in South Carolina are eligible to attend the school if they meet applicable enrollment requirements.

SCCA has entered into an agreement with the South Carolina Public Charter School District as sponsor and authorizer for SCCA for the establishment and operation of a public charter school under the South Carolina Charter Schools Act, SC Code Ann Section 59-40-10 et. seq. (2006) (the "Charter Schools Act"). The school has a contract with Connections Academy, LLC to provide its educational program and various other services. The School receives funding from state and federal government sources and must comply with the related requirements of these funding source entities.

The School is governed by a Board of Directors, which according to the by-laws of SCCA may be no less than three and no more then nine members. The Board of Directors is elected by the families of SCCA students. The Board of Directors of the School determines the operating policies of the School and such policies are implemented by the School Principal and staff.

The School's significant accounting policies are as follows:

Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Investments

The School considers all highly liquid investments (including restricted assets) with original maturities of three months or less as cash equivalents. The School currently has no investments.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Capital Assets

Capital assets are those assets generally resulting from expenditures in the governmental funds. These assets are reported in the financial statements as capital assets, but are reported as expenditures in the supplementary schedules required by the South Carolina Department of Education.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of $1,000 for all assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported assets are depreciated or amortized. Depreciation and amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture and Equipment	7 years
Leasehold Improvements	3 years
Organizational Costs	5 years
Start Up Costs	5 years

Compensated Absences

Various employees are granted vacation and paid time off in varying amounts. Upon termination of employment, the employee is reimbursed for accumulated vacation days. Teachers are granted paid time off and sick leave in varying amounts, but are not reimbursed for accumulated paid time off or sick leave upon termination of employment.

South Carolina Department of Education Fund Schedules

The financial transactions of the School are reported in individual funds in the fund schedules that are included as supplementary information to comply with South Carolina Department of Education reporting requirements. Each fund is accounted for by providing a separate set of accounts that comprises its revenues and expenditures.

Governmental fund types are those through which most governmental functions of the School are financed. The School's expandable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

South Carolina Department of Education Fund Schedules, Continued

The following are the School's governmental fund types:

The General Fund is the general operating fund of the School and accounts for all revenues and expenditures of the School except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid from other funds are paid from the General Fund. The fund balance of this fund is considered available for use.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The School has two Special Revenue Funds:

1. The Special Revenue Funds are used to account for financial resources provided by federal, state and local projects and grants.
2. The 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.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the School's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Practices

Budgets are presented in the supplementary information section for the general fund. Each budget is presented on the accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America. 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 Board in supplementary action. The legal level of control is the fund level.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Concentration of Source of Professional Support Services

SCCA has entered into a Professional Services Agreement with Connections Academy, LLC, (CA) a Delaware limited-liability company. In accordance with this agreement, CA agrees to provide educational services (including instructional materials, learning plans, recruiting and retention of teachers and administrators, access to an educational resource center, staff development, access to a learning management system, records management, etc) and various administrative services (including human resource management, accounting functions, generation of reporting to the Public Charter District, billing, collections, etc). Should this agreement be cancelled by either party it could detrimentally impact the ability of SCCA to continue operations.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income it considers to be subject to tax on unrelated business income. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and anticipates being classified as an organization other than a private foundation under Section 509(a)(2).

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of a bank checking account. At year-end, the carrying amount and of the School's cash was $175,116 and the bank balance of the School's cash was $175,316. The bank account was covered by federal depository insurance up to the maximum level of $250,000.

(Continued)

NOTE 3 - GRANT RECEIVABLES

Receivables consist of the following at June 30, 2011:

Department of Education – Federal Grants	$ 393,639
Department of Education – Other Grants	119,517
	$ 513,156

All receivables are considered to be fully collectible.

NOTE 4 - CAPITAL ASSETS

Capital assets for the School for the year ended June 30, 2011 follow:

	Beginning	Increases	Decreases	Ending
Capital assets, being depreciated:				
Leasehold improvements	$ 8,306	$ -	$ -	$ 8,306
Furniture and equipment	25,604	931	-	26,535
Organizational costs	24,653	-	-	24,653
Start-Up costs	49,927	-	-	49,927
Total capital assets being depreciated and amortized	108,490	931	-	109,421
Less accumulated depreciation and amortization	(38,650)	(21,466)	-	(60,116)
Total capital assets, being depreciated and amortized, net	$ 69,840	$ (20,535)	$ -	$ 49,305

NOTE 5 - EMPLOYEE BENEFITS

A. Retirement Plan

SCCA employees whose payroll is processed by CA under the Professional Services Agreement are eligible to participate in CA's 401(k) Retirement Savings Plan. Plan participants may contribute in accordance with the Plan on a pre-tax basis. Amounts contributed to the Plan from an employee's pay will not be taxed as income until it is ultimately distributed to them from the plan. The plan provides a variety of investment instruments and meets all requirements for a qualified 401(k) Retirement Savings Program. CA is responsible for making all required filings and reports to participants.

Full-time and part-time eligible SCCA employees are eligible to participate on the first of the month following one year of employment. CA also has the right to provide a matching contribution. The amount of such matching contribution must be disclosed to participants and to the SCCA governing board within 90 days of the start of the plan year which covers January 1 through December 31. A participant must be employed for one year in order to be eligible to receive a match. Participants must be employed on the last day of the calendar year and have worked a minimum of 1,000 hours to receive the match. Participants are 100% vested in the safe-harbor match immediately. Participants are always 100% vested in their own contributions.

Total retirement match contribution expense for the year ended June 30, 2011 was $6,990.

(Continued)

NOTE 5 - EMPLOYEE BENEFITS

B. Other Benefits

Benefits for full-time employees also include optional group term life insurance, accidental death and dismemberment insurance, health care and hospitalization coverage, prescription drug coverage, dental care coverage, vision care coverage, and short and long-term disability coverage.

NOTE 6 - RISK MANAGEMENT

The School is exposed to various risks of loss and maintains commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The School pays insurance premiums to commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits except for deductibles.

The School obtains coverage through a commercial insurer for employee fidelity bond insurance for losses arising from theft or misappropriation.

NOTE 7 - LEASES - OPERATING

SCCA has an operating lease for office space. This lease contains a renewal option after the original term and requires the School to pay all executor costs such as taxes, maintenance, and insurance. The lease is cancellable if the South Carolina State Board of Education revokes the current charter agreement with SCCA. The lease becomes non-cancellable if SCCA exercises the renewal option. SCCA exercised the renewal option on April 15, 2011, rendering the remainder of initial lease non-cancellable. The initial lease expires on September 30, 2011. The renewal becomes effective October 1, 2011 and retains the same cancellation terms as the initial lease. Rental expense was $65,585 for the year ended June 30, 2011. Future minimum lease payments under the operating lease that have remaining terms in excess of one year as of June 30, 2011, are:

Year ending June 30:	
2012	$ 55,829
2013	61,326
2014	63,218
2015	10,615
Total	$ 190,988

NOTE 8 - RELATED PARTY

SCCA entered into a contract, as described in Note 1, with Connections Academy, LLC (CA) of Baltimore, Maryland. CA provides direct materials, services, and procurement and payment services for the School. The total amount outstanding to CA from the School at year end was $737,988. No interest accrues on the amount payable to CA. The School also has a contingent liability payable to CA (See note 9).

(Continued)

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. Deficit Protection Credits

The Professional Services Agreement between SCCA and CA provides for protection from deficits in the form of Deficit Protection Credits. The Agreement provides for the credits as follows:

> In the event that at the end of the fiscal year, of any year during the term, total revenues are less than the School's expenditures, including payments to Connections Academy as well as those incurred and paid by the School, but excluding any payments for capital expenditures, and in the event that the School does not have positive Net Assets sufficient to offset the difference between total revenues and total expenditures to the extent the overage was included in the budget or were subsequently approved by both Connections Academy and the School, Connections Academy shall issue a credit or make a cash payment to the School to maintain a positive Net Assets equal to at least $10,000 at the end of the fiscal year.

The Deficit Protection Credit for the year ended June 30, 2011 was $2,079,500 and is shown as a contribution in the supplementary schedules. If the School is profitable in future years, then this amount would be payable to Connections Academy, LLC.

B. Funding Contingency

The School receives a substantial amount of its support from the South Carolina Department of Education through the South Carolina Public Charter School District. While it is anticipated that funding will continue in the future, a significant reduction in the level of this support, if it were to occur, could have an effect on the School's programs and activities. Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the School for disallowed costs or noncompliance with grantor restrictions. Management is not aware of any noncompliance or disallowed costs.

C. Charter Contingency

Public charter schools in South Carolina must be sponsored by a South Carolina School District. The School is currently sponsored by the South Carolina Public Charter School District. The sponsor authorizes a charter for five years. A renewal process must be started six months in advance of the close of the term of the Charter. The School's sponsorship agreement with South Carolina Public Charter School's District states the charter must be revoked or not renewed if the sponsor determines that the School (1) committed a material violation of the conditions, standards, or procedures provided for in the charter application or sponsorship agreement, (2) failed to meet or make reasonable progress, as defined in the charter application, toward pupil achievement standards indentified in the charter application, (3) failed to meet generally accepted standards of fiscal management, or (4) violated any provision of law from which the charter school was not specifically exempted. SCCA is currently in compliance with the terms of its charter application and sponsorship agreement. It is anticipated that the School's charter will be renewed at the close of the current term.

(Continued)

NOTE 10 - RECONCILIATION OF GOVERNMENTAL AMOUNTS

The School is required to report supplemental schedules according to the requirements of the South Carolina Department of Education. Therefore, the supplemental schedules are required to be shown in Governmental Fund Financial Statement form. These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting required in governmental fund accounting. The Statement of Financial Position and Statement of Activities are presented in the accrual basis of accounting and result in a different Equity Balance than those of the supplemental schedules. The reconciliation to governmental amounts follows:

Statement of Activities, Change in Net Assets	$	(125)
Difference:		
Depreciation		21,466
Capital outlay for fixed assets		(931)
Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)	$	20,410
Statement of Financial Position, Net Assets (Deficit)	$	10,346
Difference:		
Capital Assets, Net of Accumulated Depreciation		(49,305)
Balance Sheet, Fund Balance (Deficit)	$	(38,959)

NOTE 11 - SUBSEQUENT EVENTS

The School has evaluated all subsequent events through October 17, 2011, the date the financial statements were available to be issued.

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For the year ended June 30, 2011

		Budgeted Amounts			Variance with Final Budget Favorable
		Original	Final	Actual	(Unfavorable)
REVENUES					
1900	Other revenue from local sources				
1920	Contributions and donations - private sources	$ 2,226,500	$ 2,226,500	$ 2,079,500	$ (147,000)
1999	Revenues from other local sources	-	-	18,056	18,056
	Total local sources	2,226,500	2,226,500	2,097,556	(128,944)
3000	Revenues from state sources				
3100	Restricted state funding				
3129	Consolidated funding	-	-	43,840	43,840
3180	Fringe benefits employer contributions	-	-	1,636,885	1,636,885
3300	Education Finance Act				
3310	Full time programs	8,005,886	8,005,886	-	(8,005,886)
3311	Kindergarten	-	-	286,641	286,641
3312	Primary	-	-	810,473	810,473
3313	Elementary	-	-	2,226,947	2,226,947
3314	High school	-	-	2,295,162	2,295,162
3315	Trainable mentally handicapped	-	-	9,446	9,446
3316	Speech handicapped	-	-	262,957	262,957
3320	Part-time programs				
3321	Emotionally handicapped	-	-	68,623	68,623
3322	Educable mentally handicapped	-	-	13,173	13,173
3323	Learning disabilities	-	-	635,468	635,468
3324	Hearing handicapped	-	-	30,106	30,106
3325	Visually handicapped	-	-	1,904	1,904
3326	Orthopedically handicapped	-	-	23,520	23,520
3330	Other EFA programs				
3331	Autism	-	-	138,989	138,989
3399	Other EFA programs	-	-	97,420	97,420
	Total state sources	8,005,886	8,005,886	8,581,554	575,668
	Total revenue all sources	$ 10,232,386	$ 10,232,386	$ 10,679,110	$ 446,724
EXPENDITURES					
100	Instruction				
110	General instruction				
111	Kindergarten program				
100	Salaries	$ 84,387	$ 84,387	$ 88,724	$ (4,337)
200	Employee benefits	23,852	23,852	25,491	(1,639)
300	Purchased services	169,432	169,432	185,197	(15,765)
400	Supplies and materials	155,556	155,556	160,492	(4,936)
112	Primary programs				
100	Salaries	238,604	238,604	219,700	18,904
200	Employee benefits	67,441	67,441	72,075	(4,634)
300	Purchased services	479,066	479,066	515,174	(36,108)
400	Supplies and materials	439,832	439,832	453,790	(13,958)
113	Elementary programs				
100	Salaries	655,615	655,615	520,171	135,444
200	Employee benefits	185,308	185,308	167,909	17,399
300	Purchased services	1,316,335	1,316,335	1,285,497	30,838
400	Supplies and materials	1,208,530	1,208,530	1,246,884	(38,354)

(Continued)

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - CONTINUED
For the year ended June 30, 2011

			Budget			Variance with Final Budget Favorable (Unfavorable)
			Original	Final	Actual	
EXPENDITURES - (Continued)						
114		High school programs				
	100	Salaries	$ 675,698	$ 675,698	$ 446,819	$ 228,879
	200	Employee benefits	190,985	190,985	156,658	34,327
	300	Purchased services	1,356,657	1,356,657	1,447,597	(90,940)
	400	Supplies and materials	1,245,549	1,245,549	795,725	449,824
120		Exceptional programs				
121		Educable mentally handicapped				
	100	Salaries	3,878	3,878	2,802	1,076
	200	Employee benefits	1,096	1,096	1,171	(75)
	300	Purchased services	7,786	7,786	8,511	(725)
	400	Supplies and materials	7,149	7,149	7,375	(226)
122		Trainable mentally handicapped				
	100	Salaries	2,781	2,781	2,924	(143)
	200	Employee benefits	786	786	840	(54)
	300	Purchased services	5,583	5,583	6,103	(520)
	400	Supplies and materials	5,126	5,126	5,289	(163)
123		Orthopaedically handicapped				
	100	Salaries	6,924	6,924	7,280	(356)
	200	Employee benefits	1,957	1,957	2,092	(135)
	300	Purchased services	13,902	13,902	15,196	(1,294)
	400	Supplies and materials	12,764	12,764	13,169	(405)
124		Visually handicapped				
	100	Salaries	561	561	589	(28)
	200	Employee benefits	158	158	169	(11)
	300	Purchased services	1,125	1,125	1,230	(105)
	400	Supplies and materials	1,033	1,033	1,066	(33)
125		Hearing handicapped				
	100	Salaries	8,863	8,863	9,319	(456)
	200	Employee benefits	2,505	2,505	2,677	(172)
	300	Purchased services	17,796	17,796	19,452	(1,656)
	400	Supplies and materials	16,338	16,338	16,857	(519)
126		Speech handicapped				
	100	Salaries	77,415	77,415	35,163	42,252
	200	Employee benefits	21,881	21,881	23,385	(1,504)
	300	Purchased services	155,432	155,432	10,310	145,122
	400	Supplies and materials	142,703	142,703	147,232	(4,529)
127		Learning disabilities				
	100	Salaries	187,082	187,082	126,869	60,213
	200	Employee benefits	52,878	52,878	51,565	1,313
	300	Purchased services	375,622	375,622	361,636	13,986
	400	Supplies and materials	344,859	344,859	355,804	(10,945)
128		Emotionally handicapped				
	100	Salaries	20,203	20,203	21,241	(1,038)
	200	Employee benefits	5,710	5,710	6,103	(393)
	300	Purchased services	40,563	40,563	44,337	(3,774)
	400	Supplies and materials	37,241	37,241	38,423	(1,182)

(Continued)

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - CONTINUED
For the year ended June 30, 2011

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES - (Continued)				
160 Other exceptional programs				
161 Autism				
100 Salaries	$ 40,919	$ 40,919	$ 43,021	$ (2,102)
200 Employee benefits	11,566	11,566	12,360	(794)
300 Purchased services	82,156	82,156	89,800	(7,644)
400 Supplies and materials	75,427	75,427	77,821	(2,394)
Total instruction	10,282,615	10,282,615	9,357,084	925,531
200 Supporting services				
230 General administration services				
233 School administration				
100 Salaries	592,055	592,055	547,383	44,672
200 Employee benefits	171,696	171,696	152,984	18,712
300 Purchased services	648,310	648,310	703,094	(54,784)
400 Supplies and materials	3,265	3,265	3,279	(14)
253 Facilities acquisition and construction				
500 Capital outlay				
540 Equipment	-	-	931	(931)
Total supporting services	1,415,326	1,415,326	1,407,671	7,655
OTHER FINANCING SOURCES (USES)				
Interfund Transfers, From (To) Other Funds:				
5230 Transfer from Special Revenue EIA Fund	-	-	106,055	(106,055)
Total other financing sources (uses)	-	-	106,055	(106,055)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ (1,465,555)	$ (1,465,555)	20,410	$ 1,485,965
FUND BALANCE (DEFICIT) - JULY 1, 2010			(59,369)	
FUND BALANCE (DEFICIT) - JUNE 30, 2011			$ (38,959)	

Footnote: The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America.

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL NON-EIA SPECIAL REVENUE FUNDS
For the year ended June 30, 2011

		Title I (201)	IDEA (203)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
REVENUES						
3000	Revenues from state sources					
3100	Restricted state funding					
3118	EEDA Career Specialist	$ -	$ -	$ 81,495	$ -	$ 81,495
3126	Science Kit Refurbishment	-	-	8,802	-	8,802
3600	Education Lottery Act					
3607	6-8 Enhancement	-	-	5,601	-	5,601
3610	K-5 Enhancement	-	-	66,221	-	66,221
	Total state sources	-	-	162,119	-	162,119
4000	Revenues from federal sources					
4300	Elementary and Secondary Education Act of 1965					
4310	Title I, Basic State Grant Programs (Carryover Provision)	303,243	-	-	114,142	417,385
4350	State Fiscal Stabilization Fund (ARRA)	-	-	-	166,464	166,464
4351	Improving Teacher Quality (Carryover Provision)	-	-	-	8,825	8,825
4500	Programs for children with disabilities					
4510	Individuals With Disabilities Education Act (IDEA) (Carryover Provision)	-	254,751	-	-	254,751
4540	IDEA (ARRA 611)	-	-	-	33,033	33,033
4550	IDEA Preschool (ARRA 619)	-	-	-	6,919	6,919
	Total federal sources	303,243	254,751	-	329,383	887,377
	TOTAL REVENUE ALL SOURCES	$ 303,243	$ 254,751	$ 162,119	$ 329,383	$ 1,049,496
EXPENDITURES						
100	Instruction					
110	General instruction					
111	Kindergarten programs					
100	Salaries	$ -	$ -	$ -	$ 62,142	$ 62,142
200	Employee benefits	-	-	-	15,688	15,688
113	Elementary programs					
100	Salaries	-	-	-	62,141	62,141
200	Employee benefits	-	-	-	12,428	12,428
300	Purchased services	-	-	153,317	2,212	155,529
400	Supplies and materials	-	-	8,802	-	8,802

(Continued)

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
For the year ended June 30, 2011

		Title I (201)	IDEA (203)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
EXPENDITURES - (Continued)						
114	High school programs					
100	Salaries	$ -	$ -	$ -	$ 11,722	$ 11,722
200	Employee benefits	-	-	-	2,344	2,344
120	Exceptional programs					
121	Educable mentally handicapped					
100	Salaries	-	-	-	39,952	39,952
127	Learning disabilities					
100	Salaries	-	46,230	-	-	46,230
	Total instruction	-	46,230	162,119	208,629	416,978
200	Support services					
210	Pupil services					
215	Exceptional Program Services					
100	Salaries	-	208,521	-	-	208,521
220	Instructional staff services					
221	Improvement of instruction - curriculum development					
100	Salaries	227,047	-	-	100,842	327,889
200	Employee benefits	38,771	-	-	13,300	52,071
300	Purchased services	35,158	-	-	6,612	41,770
400	Supplies and materials	2,267	-	-	-	2,267
	Total supporting services	303,243	208,521	-	120,754	632,518
	TOTAL EXPENDITURES	$ 303,243	$ 254,751	$ 162,119	$ 329,383	$ 1,049,496
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)		-	-	-	-	-
FUND BALANCE - JULY 1, 2010		-	-	-	-	-
FUND BALANCE - JUNE 30, 2011		$ -	$ -	$ -	$ -	$ -

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SPECIAL REVENUE FUND
SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS
For the year ended June 30, 2011

Sub fund	Revenue	Programs	Revenues	Expenditures	Special Revenue Interfund Transfers In/Out	Other Fund Transfers In/Out	Special Revenue Fund Deferred June 30, 2011
908	3126	Science Kit Refurbishment	$ 8,802	$ 8,802	$ -	$ -	$ -
928	3118	EEDA Career Specialists	81,495	81,495	-	-	-
960	3610	K-5 Enhancement	66,221	66,221	-	-	-
967	3607	6-8 Enhancement	5,601	5,601	-	-	-
		Total	$ 162,119	$ 162,119	$ -	$ -	$ -

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL PROGRAMS
For the year ended June 30, 2011

REVENUES				
3000			Revenues from state sources	
	3500		Education Improvement Act	
		3511	Professional development	$ 10,493
		3530	Trainable and Profoundly Mentally Handicap	822
		3532	National Board Certification	31,167
		3538	At Risk Student Learning	392,644
		3540	Early Childhood Programs	1,050
		3544	Academically/Artistically Advanced	43,605
		3550	EIA - Teacher Salary Increase	87,692
		3555	EIA - School Employer Contributions	18,363
		3558	Reading	12,122
		3577	Teacher Supplies	17,325
			Total revenues	615,283
EXPENDITURES				
100			Instruction	
	110		General instruction	
		112	Primary programs	
		100	Salaries	31,167
		114	High school programs	
		400	Supplies and materials	478,061
			Total instruction	509,228
			Total expenditures	509,228
OTHER FINANCING SOURCES (USES)				
420			Interfund Transfers, From (To) Other Funds:	
		710	Transfer to General Fund	(106,055)
			Total other financing sources (uses)	(106,055)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)				-
FUND BALANCE - JULY 1, 2010				-
FUND BALANCE - JUNE 30, 2011				$ -

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
For the year ended June 30, 2011

PROGRAM		Revenues	Expenditures	Other Fund Transfers In/Out	Due to State	EIA Deferred Revenue June 30, 2011
3500 EDUCATION IMPROVEMENT ACT						
3511	Professional development	$ 10,493	$ 10,493	$ -	$ -	$ -
3530	Trainable and Profoundly Mentally Handicap	822	822	-	-	-
3532	National Board Certification	31,167	31,167	-	-	-
3538	At Risk Student Learning	392,644	392,644	-	-	-
3540	Early Childhood Programs	1,050	1,050	-	-	-
3544	Academically/Artistically Advanced	43,605	43,605	-	-	-
3550	EIA - Teacher Salary Increase	87,692	-	(87,692)	-	-
3555	EIA - School Employer Contributions	18,363	-	(18,363)	-	-
3558	Reading	12,122	12,122	-	-	-
3577	Teacher Supplies	17,325	17,325	-	-	-
	Total	$ 615,283	$ 509,228	$ (106,055)	$ -	$ -

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT
OF EDUCATION/FEDERAL GOVERNMENT
As of June 30, 2011

Program	Project/Grant Number	Revenue and Subfund Code	Description	Amount Due To SDE/Federal Government	Status of Amount Due to Grantors
No funds are due to state/federal government					
				$ -	

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SCHEDULE OF IN$ITE LOCATION RECONCILIATION
For the year ended June 30, 2011

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
00	South Carolina Connections Academy	Elementary , Middle, and High School	School	$ 12,323,479
	TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS			$ 12,323,479

The above expenditures are reconciled to the School's financial statements as follows:

General Fund (Sub fund 100s)	$ 10,764,755
Special Revenue Fund (Sub funds 200s, 800s and 900s)	1,049,496
Special Revenue EIA Fund (Sub funds 300s)	509,228
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	$ 12,323,479

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

To Board of Directors
South Carolina Connections Academy, Inc.

We have audited the financial statements of South Carolina Connections Academy, Inc. (SCCA) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 17, 2011. 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 SCCA's internal control over financial reporting as a basis for designing 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 SCCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SCCA's 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of SCCA in a separate letter dated October 17, 2011.

This report is intended solely for the information and use of management, the Board of Directors, and cognizant agencies and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina
October 17, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

To the Board of Directors
South Carolina Connections Academy, Inc.

Compliance

We have audited the compliance of South Carolina Connections Academy, Inc. (SCCA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. SCCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of SCCA's management. Our responsibility is to express an opinion on SCCA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SCCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of SCCA's compliance with those requirements.

In our opinion, SCCA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of SCCA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered SCCA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SCCA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, and cognizant agencies and is not intended to be and should not be used by anyone other than these specified parties.

Columbia, South Carolina
October 17, 2011

Clark Eustace Wagner, CPA, PA

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011

Subfund Code	Program	CFDA Number	Project/Grant Number	Program Expenditures
	U.S. Department of Education			
	Passed through SCDE and SCPCSD:			
201	Title I, Basic State Grant Programs	84.010	11BA094	$ 303,243
203	Individuals With Disabilities Education Act (IDEA)	84.027	11CA094	254,751
215	IDEA (ARRA 611)	84.391A	11SC094	33,033
216	IDEA Preschool (ARRA619)	84.392A	11SG094	6,919
237	School Improvement, Title I, Part A	84.010	11BJ094	114,142
250	State Fiscal Stabilization Fund (ARRA)	84.394	11SF094	166,464
267	Improving Teacher Quality	84.367A	11TQ094	8,825
	Total U.S. Department of Education			$ 887,377
	Total Federal Assistance Expended			$ 887,377

SOUTH CAROLINA CONNECTIONS ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of South Carolina Connections Academy under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

SECTION 1

Financial Statements	Summary of Auditors' Results
1. Type of auditors' report issued:	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards	
1. Internal controls over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditors' report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
4. Identification of major programs:	

CFDA Number	Name of Federal Program
84.394	State Fiscal Stabilization Funds, ARRA
84.027	Individuals with Disabilities Education Act, ARRA
84.391A	IDEA, ARRA 611
84.392A	IDEA, ARRA 619

5. Dollar threshold used to distinguish between programs?	$300,000
6. Auditee qualified as a low-risk auditee under Section 530 of Circular A-133?	No

Continued

SOUTH CAROLINA CONNECTIONS ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
For the year ended June 30, 2011

SECTION 2
FINANCIAL STATEMENT FINDINGS

None to report.

SECTION 3
COMPLIANCE FINDINGS

None to report.

YORK PREPARATORY ACADEMY

REPORT ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2011

YORK PREPARATORY ACADEMY
ROCK HILL, SOUTH CAROLINA

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elliott davis

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
York Preparatory Academy
Rock Hill, South Carolina

We have audited the accompanying basic financial statements of the governmental activities and each major fund of York Preparatory Academy, (the Academy), a component unit of the South Carolina Public Charter School District, as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 York Preparatory Academy as of June 30, 2011, and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting nor on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7, and the budgetary comparison information on pages 27 through 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information; however, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Academy's basic financial statements. The accompanying other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elliott Davis LLC

Myrtle Beach, South Carolina
November 29, 2011

YORK PREPARATORY ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of York Preparatory Academy (the Academy), we offer readers of the Academy's audited financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2011. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the Academy's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

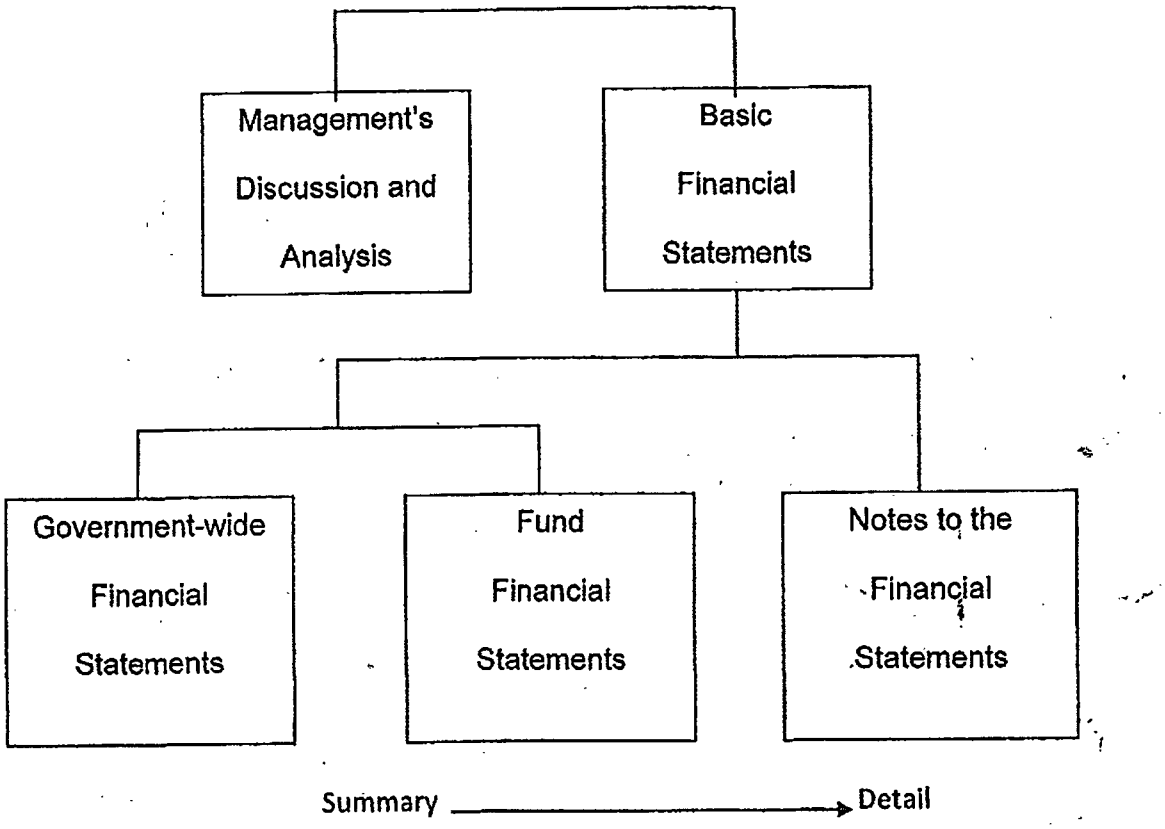
- The liabilities of the Academy exceeded its assets at the close of the fiscal year by $162,036 *(net deficit)*.
- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund deficits of $121,258.
- The 2010-2011 45-day headcount was 657.
- The 2010-2011 135-day headcount was 654.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the Academy through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Academy.

Figure 1

Required Components of Annual Financial Report



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements.** They provide both short and long-term information about the Academy's financial standing.

The next statements are **Fund Financial Statements.** These statements focus on the activities of the individual segments of the Academy's government. These statements are more detailed than the government-wide financial statements and include governmental fund statements and proprietary and fiduciary statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (the Notes). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the Academy's funds. Budgetary information for the Academy also can be found in this section of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the Academy's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the Academy's financial status, as a whole.

The two government-wide statements report the Academy's net assets and how they have changed. Net assets equal the difference between the Academy's total assets and total liabilities. Measuring net assets is one way to gauge the Academy's financial condition.

The government-wide statements include all governmental activities. The governmental activities include most of the Academy's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds.

The government-wide financial statements are enumerated on pages 9 and 10 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the Academy's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements, such as the Academy's budget, where and when applicable. The funds of the Academy include: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the Academy's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the Academy's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

The Academy has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the Academy and specifies which activities will be pursued and which services the Academy will provide during the year. It also authorizes the Academy to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the Academy has complied with its budget and whether or not the Academy has succeeded in providing the services as originally planned.

Notes to the Financial Statements - The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The liabilities of the Academy exceeded its assets by $162,036, as of June 30, 2011. $147,622 reflects the Academy's investment in capital assets (e.g. building improvements, and equipment); less any related debt still outstanding that was issued to acquire those items. The Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Academy's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining deficit of $(309,658) is unrestricted.

Figure 2

York Preparatory Academy's Net Assets as of June 30

	Governmental Activities	
	2011	2010
Current and other assets	$ 339,994	$ -
Capital assets, net of depreciation	624,257	113,699
Total assets	964,251	113,699
Current liabilities	563,558	-
Total liabilities	1,126,287	-
Net assets		
Invested in capital assets, net of related debt	147,622	138,232
Unrestricted	(309,658)	(24,533)
Total liabilities and net assets	$ 964,251	$ 113,699

Several aspects of the Academy's financial operations influenced the total unrestricted governmental net assets:

- The Academy incurred significant, customary start-up costs in its first year of operations which were anticipated in the budget.
- The Academy adopted an annual budget. The Academy's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget. Actual unrestricted net assets were in line with budgeted unrestricted net assets.
- Because funding through the South Carolina Public Charter School District for the 2010-2011 school year was one of the lowest of any districts in the country, the Academy board and management worked closely together to control costs. The support services firm and an affiliate of the support services firm deferred fees of approximately $200,000 to provide liquidity to the Academy.

Figure 3
York Preparatory Academy's Changes In Net Assets

	Governmental Activities 2011	Business-Type Activities 2010	Total 2011
Donations and other revenues	$ 56,798	$ -	$ 56,798
Charges for services	-	61,179	61,179
County, state, and federal funds	2,847,337	-	2,847,337
Total revenues	2,904,135	61,179	2,965,314
Instructional programs	1,595,377	-	1,595,377
Support services	1,191,965	36,332	1,228,297
Interest and other charges	50,211	-	50,211
Debt service	228,932	-	228,932
Total expenses	3,066,485	36,332	3,102,817
Increase (decrease) in net assets before transfers	(162,350)	24,847	(137,503)
Transfers	24,847	(24,847)	-
Increase (decrease) in net assets	(137,503)	-	(137,503)
Net deficit, July 1	(24,533)	-	(24,533)
Net deficit, June 30	$ (162,036)	$ -	$ (162,036)

Governmental activities - Governmental activities decreased the Academy's net assets by $137,503.

FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing the Academy's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Academy. At the end of the current fiscal year, unassigned fund deficit of the General Fund was $152,010.

Proprietary Fund - The Academy's proprietary fund includes the after school program.

Fiduciary Fund - The Academy's fiduciary fund includes the pupil activity fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Academy's investment in capital assets for its governmental activities as of June 30, 2011, totals $550,657 (net of accumulated depreciation). Capital assets include building improvements and equipment. The Academy made several minor capital asset transactions during the year.

Figure 4
York Preparatory Academy's Capital Assets
(net of depreciation)

	Balance July 1, 2010	Governmental Activities 2011	Balance June 30, 2011
Construction in progress	$ 113,699	$ (47,619)	$ 66,080
Improvements	-	48,191	48,191
Building	-	403,959	403,959
Equipment	-	32,427	32,427
Total	$ 113,699	$ 436,958	$ 550,657

Additional information about the Academy's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt - As of June 30, 2011, the Academy had notes payable and capital leases as follows:

- Unsecured loan for operations for $250,000
- Unsecured loan for site preparation $244,580
- Capital lease for the acquisition and installation costs of modulars for $211,438
- Capital lease for musical instruments for $22,699

Additional information about the Academy's long term debt can be found in Note 5 of the Basic Financial Statements.

ECONOMIC FACTORS

The following key economic indicators reflect the growth and prosperity of the Academy:

- At the 45-day headcount, the enrollment for the 2011-2012 school year increased substantially over the 2010-2011 school year.
- The Academy continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The Academy has a returning staff of professionals that are committed to the Academy.
- The Academy will continue to seek both federal and private grant funds to supplement its EFA funding.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Academy's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, York Preparatory Academy, 505 University Drive, Rock Hill, South Carolina 29730, telephone number (803) 324-4400.

YORK PREPARATORY ACADEMY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental activities	Business-type activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 128,956	$ -	$ 128,956
Accounts receivable	180,286	-	180,286
Deposits	15,308	-	15,308
Prepaid items	15,444	-	15,444
Total current assets	339,994	-	339,994
NON-CURRENT ASSETS			
Other assets	73,600	-	73,600
Capital assets, net of accumulated depreciation	550,657	-	550,657
Total non-current assets	624,257	-	624,257
Total assets	$ 964,251	$ -	$ 964,251
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 263,507	$ -	$ 263,507
Due to other governmental units	22,673	-	22,673
Accrued liabilities	187,072	-	187,072
Capital leases	47,220	-	47,220
Notes payable	43,086	-	43,086
Total current liabilities	563,558	-	563,558
NON-CURRENT LIABILITIES			
Capital leases	181,015	-	181,015
Notes payable	381,714	-	381,714
Total non-current liabilities	562,729	-	562,729
Total liabilities	1,126,287	-	1,126,287
NET ASSETS			
Invested in capital assets, net of related debt	147,622	-	147,622
Unrestricted	(309,658)	-	(309,658)
Total net deficit	(162,036)	-	(162,036)
	$ 964,251	$ -	$ 964,251

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Functions/Programs	Expenses	Program revenues: Operating grants and contributions	Net (expense) revenue and changes in net assets: Governmental activities	Business-type activities	Total
Governmental activities:					
Instruction	$ 1,595,377	$ 2,847,337	$ 1,251,960	$ -	$ 1,251,960
Support services	1,191,965	-	(1,191,965)	-	(1,191,965)
Interest and other charges	50,211	-	(50,211)	-	(50,211)
Debt service	228,932	-	(228,932)	-	(228,932)
Total governmental activities	3,066,485	2,847,337	(219,148)	-	(219,148)
Business-type activities:					
After school program	36,332	61,179	-	24,847	24,847
Total business-type activities	36,332	61,179	-	24,847	24,847
Total	$ 3,102,817	$ 2,908,516	(219,148)	24,847	(194,301)
General revenues:					
Miscellaneous			56,798	-	56,798
Transfers			24,847	(24,847)	-
Total general revenues and transfers			81,645	(24,847)	56,798
Change in net assets			(137,503)	-	(137,503)
Net deficit, beginning of year			(24,533)	-	(24,533)
Net deficit, end of year			$ (162,036)	$ -	$ (162,036)

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Funds: Special Projects Fund	Special Revenue Funds: Education Improvement Act	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 128,956	$ -	$ -	$ 128,956
Accounts receivable	180,286	-	-	180,286
Deposits	15,308	-	-	15,308
Prepaid items	15,444	-	-	15,444
Total assets	$ 339,994	$ -	$ -	$ 339,994
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 263,507	$ -	$ -	$ 263,507
Due to other fund	22,673	-	-	22,673
Accrued liabilities	175,072	-	-	175,072
Total liabilities	461,252	-	-	461,252
Fund balances:				
Nonspendable	30,752	-	-	30,752
Unassigned	(152,010)	-	-	(152,010)
Total fund balances	(121,258)	-	-	(121,258)
Total liabilities and fund balances	$ 339,994	$ -	$ -	$ 339,994
Total governmental fund balance				$ (121,258)
Amounts reported for governmental activities in the statement of net assets 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 $618,505, and the accumulated depreciation is $67,848.				550,657
Some liabilities are not due and payable in the current period and are therefore not reported in the funds.				
Notes payable				(424,800)
Capital leases				(228,235)
Rental liability				(12,000)
Some assets provide benefit over several years and are therefore not reported in the funds.				
Loan and other amortizable costs				73,600
Net assets of governmental activities				$ (162,036)

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	General Fund	Special Revenue Funds: Special Projects Fund	Special Revenue Funds: Education Improvement Act	Total Governmental Funds
REVENUES				
Local	$ 25,072	$ 31,726	$ -	$ 56,798
State	2,245,686	2,828	114,087	2,362,601
Federal	-	484,736	-	484,736
Total revenues	2,270,758	519,290	114,087	2,904,135
EXPENDITURES				
Current:				
Instruction	1,228,664	253,457	57,799	1,539,920
Support services	1,045,799	226,181	11,334	1,283,314
Capital outlay	524,668	51,202	1,040	576,910
Interest and other charges	50,211	-	-	50,211
Debt service	228,932	-	-	228,932
Total expenditures	3,078,274	530,840	70,173	3,679,287
Excess (deficit) of revenues over (under) expenditures	(807,516)	(11,550)	43,914	(775,152)
OTHER FINANCING SOURCES (USES)				
Proceeds from notes payable	494,580	-	-	494,580
Capital leases	272,699	-	-	272,699
Transfers in (out)	57,211	11,550	(43,914)	24,847
Total other financing sources (uses)	824,490	11,550	(43,914)	792,126
Net change in fund balances	16,974	-	-	16,974
FUND BALANCES, BEGINNING OF YEAR	(138,232)	-	-	(138,232)
FUND BALANCES, END OF YEAR	$ (121,258)	$ -	$ -	$ (121,258)

Total net change in fund balance - governmental funds	$ 16,974
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 outlays ($504,806) exceed depreciation expense ($67,848) in the period.	436,958
Proceeds from the issuance of notes payable and capital leases are revenue in the governmental funds but the proceeds increase long-term liabilities in the statement of activities. These proceeds have been reduced by principal payments made against the debt since the issuance of the debt.	(653,035)
Recording rent expense on the straight line basis is a liability that is not due and payable in the current period and is therefore not reported in the funds.	(12,000)
Loan and other amortizable costs are expenditures in the governmental funds but the expenditures are amortized over the term of the loan or activity.	73,600
Change in net assets of governmental activities	$ (137,503)

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - AFTER SCHOOL PROGRAM
For the year ended June 30, 2011

	Business-type Activities
	After School Program
OPERATING REVENUES	
After school fees	$ 61,179
OPERATING EXPENSES	
Salaries	30,911
Employee benefits	2,021
Supplies and materials	3,400
Total operating expenses	36,332
Change in net assets before transfers	24,847
Transfers out	(24,847)
Change in net assets	-
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	$ -

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - AFTER SCHOOL PROGRAM
For the year ended June 30, 2011

	Business-type Activities
	After School Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for services	$ 61,179
Payments to suppliers for goods and services	(36,332)
Net cash provided by operating activities	24,847
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to general fund	(24,847)
Net cash used for noncapital financing activities	(24,847)
Net change in cash and cash equivalents	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

ASSETS	
Due from general fund	$ 22,673
Accounts receivable	1,405
Total assets	$ 24,078
LIABILITIES	
Due to pupil activities	$ 24,078
Total liabilities	$ 24,078

The accompanying notes are an integral part of these financial statements.

YORK PREPARATORY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

York Preparatory Academy (the Academy) is a not-for-profit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The Academy was initially formed in September 2009 and began operations in July 2010. The Academy operates within the South Carolina Public Charter School District and serves approximately 675 students from kindergarten to 8th grade in York County, South Carolina.

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental activities funds. The following is a summary of the more significant policies:

A. Reporting entity

The Academy's financial statements include all funds over which the Board is considered to be financially accountable. The Academy receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

B. Basis of presentation

The statements of the Academy are presented as follows:

Government-wide financial statements - The statement of net assets, and the statement of activities, display information about the Academy as a whole, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The Academy's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Academy.

B. Basis of presentation, continued

Fund financial statements - Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Academy has no non-major funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

C. Measurement focus and basis of accounting

Fund accounting

The accounts of the Academy are organized and operated on the basis of funds during the fiscal year, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the Academy's major governmental funds:

General fund - to account for all financial transactions not properly accounted for in another fund. The Academy uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

Special revenue funds - to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The Academy has two special revenue funds:

1. Special projects fund - Other, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants;
2. The Education Improvement Act (EIA) fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.

Fiduciary funds - are used to account for assets on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Academy's fiduciary funds consist of agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds are used to account for amounts held for students and faculty activity organizations

C. **Measurement focus and basis of accounting, continued**

Proprietary funds

Proprietary funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds.)

Within proprietary funds, operating revenues and expenses are presented in the statement of revenue, expenses and changes in fund net assets. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the School's enterprise fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. A description of enterprise funds follows:

Enterprise funds - to account for operations (a) that are financed and operated in a manner where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The after school program is the Academy's only enterprise fund and is used to account for the services provided to students after regular school hours.

Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used, or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

Deferred 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 deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as deferred revenue.

C. Measurement focus and basis of accounting, continued

Basis of accounting, continued

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities, if any, received during the year is reported in the operating statement as an expense with a like-amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. Assets, liabilities and equity

Cash and investments - The Academy may have cash presented on the financial statements which includes cash held in local financial institutions and certificates of deposit held in local institutions.

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, accounts payable or "due from other funds" or "due to other funds" on the balance sheet. The transactions between funds are eliminated in the governmental activities columns of the statement of net assets.

Capital assets - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are stated at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The costs and accumulated depreciation of property sold or retired are removed from the accounts, and gain or losses, if any, are reflected in revenue or expenditures/expenses for the year. The Academy maintains a capitalization threshold of $500. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extends an asset's life are expensed.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

Description	Governmental Activities Estimated Lives
Equipment	5 years
Leasehold Improvements	10 years
Buildings	40 years

D. Assets, liabilities and equity, continued

Accrued liabilities and long-term obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources; however, claims and judgments and the noncurrent portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements, only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund balances and net assets - The Academy has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

For the government wide financial statements the School applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net assets are available. For the governmental funds financial statements the School applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

E. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the Academy's financial position and results of operations, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

The Academy is authorized by South Carolina state law to invest in the following types of investments:

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 they are guaranteed by the Federal Savings and Loans Insurance Corporation (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, or a market value not less than the amount of the Certificate 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.);
6. Repurchase agreements.

At June 30, 2011, the carrying amount of the Academy's deposits was $128,956 and the bank balance was $208,597.

Custodial credit risk - Custodial credit risk is the risk that the Academy's deposits will not be returned to it. The Academy has no formal policy regarding custodial credit risk. The Academy's deposits were covered by Federal Depository Insurance or by collateral held in the Academy's name at the pledging financial institution.

Credit risk - South Carolina statutes authorize investments in Certificates of Deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the United States Government and government agencies unconditionally guaranteed by the United States Government. The Academy has no investment policy that would further restrict its choices.

Interest rate risk - The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2011
Governmental activities				
Capital assets, not being depreciated				
Construction-in-progress	$ 113,699	$ 40,000	$ 87,619	$ 66,080
Total capital assets, not being depreciated	113,699	40,000	87,619	66,080
Capital assets, being depreciated				
Improvements	-	66,510	-	66,510
Buildings	-	446,445	-	446,445
Equipment	-	39,470	-	39,470
Total capital assets, being depreciated	-	552,425	-	552,425
Totals at historical cost	113,699	592,425	87,619	618,505
Less accumulated depreciation				
Improvements	-	18,319	-	18,319
Buildings	-	42,486	-	42,486
Equipment	-	7,043	-	7,043
Total accumulated depreciation	-	67,848	-	67,848
Total capital assets, being depreciated, net	-	484,577	-	484,577
Governmental activities, capital assets, net	$ 113,699	$ 524,577	$ 87,619	$ 550,657

The carrying value of assets acquired under capital lease transactions at June 30, 2011 is $371,524 (net of accumulated depreciation of $21,602)

Depreciation expense was charged to governmental functions as follows:

Governmental activities	
Instruction	$ 4,468
Support services	63,380
Total depreciation expense	$ 67,848

NOTE 4 - OTHER INFORMATION

A. Employee benefits

Retirement plan

The Academy sponsors a retirement savings plan (the Plan) provided under Section 403(b) of the Internal Revenue Code, which covers substantially all employees who meet eligibility requirements. Employee contributions vest immediately. There were no matching contributions made for the year ended June 30, 2011.

B. Risk management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. The Academy pays premiums to a private insurance carrier for all forms of coverage. The insurance carrier promises to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks.

C. Fund balance and net assets

The fund balances/net assets and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements

Fund balances - Nonspendable - balances that by their nature are unable to be spent.

Fund balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund balances - Committed - balances that can only be used for the specific purpose determined by the School's Board of Directors.

Fund balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed.

Fund balances - Unassigned - balances that are spendable amounts not contained in other classifications.

Government-wide and proprietary fund financial statements

Invested in capital assets, net of related debt - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.

Restricted - represents net assets restricted externally by creditors, grantors, contributors or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the School's net assets in government-wide and business-type activities.

NOTE 5 - LONG-TERM OBLIGATIONS

Note payable - On July 1, 2010, the Academy entered into an unsecured loan for operations for $250,000 with a private lender. The principal is due when the Academy enters into a final development agreement for the construction of its permanent facility. The interest on the note of 4.5% is due and payable monthly at $938.

Note payable - On August 20, 2010, the Academy entered into an unsecured loan for site preparation, architectural costs and credit enhancement fees related to the installation of modular buildings totaling $244,580. Based on the terms of the note, the principal and interest is payable quarterly at $15,342. Interest on the note is 12.0% per annum.

Scheduled maturities of all notes payable are as follows:

Year ended June 30,	Principal	Interest
2012	$ 43,086	$ 29,530
2013	48,257	24,359
2014	54,047	18,569
2015	29,410	12,524
Thereafter	250,000	11,250
	$ 424,800	$ 126,232

Capital lease - On August 3, 2010, the Academy entered into a five year lease agreement for acquisition and related installation costs for modular buildings in the amount of $250,000. The lease qualifies as a capital lease for accounting purposes; therefore, the obligation has been recorded at the net present value of the future minimum lease payments totaling $211,438 at June 30, 2011.

Capital lease - On August 20, 2010, the Academy entered into a five year lease agreement for musical instruments in the amount of $22,699. The lease agreement qualifies as a capital lease for accounting purposes; therefore, the obligation has been recorded at the net present value of the future minimum lease payments totaling $16,797 at June 30, 2011.

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2011:

Year ending June 30	
2012	$ 69,622
2013	69,622
2014	69,622
2015	69,622
Thereafter	5,309
Total minimum lease payments	283,797
Less: amount representing interest	(55,562)
Present value of the minimum lease payments	$ 228,235

NOTE 5 - LONG-TERM OBLIGATIONS, Continued

Changes in general long-term obligations - The following is a summary of changes in the Academy's long-term obligations for the fiscal year ended June 30, 2011:

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011	Current Portion
Governmental activities:					
Note payable	$ -	$ 250,000	$ -	$ 250,000	$ -
Note payable	-	244,580	69,780	174,800	43,086
Capital lease	-	250,000	38,562	211,438	43,864
Capital lease	-	22,699	5,902	16,797	3,356
Total	$ -	$ 767,279	$ 114,244	$ 653,035	$ 90,306

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Academy expects such amounts, if any, to be immaterial.

The Academy entered into a three year lease for its building. The lease commenced on July 1, 2010, and ends June 30, 2013. Lease expense for the year ended June 30, 2011 totaled $120,000. Minimum lease expense for the years ending June 30, 2012 and 2013 is expected to total $132,000, and $144,000, respectively. Rent expense is recorded on the straight line basis and the government-wide statement of net assets reflects a $12,000 rent liability.

The Academy entered into a one year lease for a copier. The lease commenced on October 1, 2010 and ends September 30, 2011. Lease expense for the year ended June 30, 2011 totaled $11,130. Minimum lease expense for the year ending June 30, 2012 is $2,640.

The Academy entered into a support services agreement for five years commencing July 1, 2010. Under the agreement, the support services company provides various services to the Academy including, among other things, accounting and payroll, student and school information management, certain personnel functions, general business administration services, strategic planning, and transportation. Fees for certain services provided vary according to the number of students of the Academy. The base cost of the support services provided are charged at a rate of $265,000 per year. As of June 30, 2011, the Academy owed $80,000 to the management company for services rendered under this agreement.

On July 12, 2011, the Academy entered into an estoppel certificate with a company affiliated with their support services firm. The certificate acknowledges certain consulting services provided to date by the company related to the Academy's master development agreement. As of June 30, 2011, the Academy owes this company $120,000 under this agreement which is included in accounts payable.

NOTE 7 - RELATED PARTY TRANSACTION

During the year ended June 30, 2011, a board member's company sold electronic equipment with a value of $23,152 to the Academy. As of June 30, 2011, the amount outstanding to this company totaled $2,796.

NOTE 8 - TRANSFERS FROM AND TO OTHER FUNDS

During the course of normal operations, the Academy has transactions between funds to provide services, purchase assets, service debt, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2011 are reflected in the fund statements as follows:

	Transfers In	Transfers Out
General fund	$ 68,762	$ 11,551
Special projects fund	11,550	-
Proprietary fund	-	24,847
Education Improvement Act fund	-	43,914
	$ 80,312	$ (80,312)

YORK PREPARATORY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original and Final Budget	Actual	Variance from Final Budget
REVENUES			
1000 Revenue from local sources			
1900 Other revenue from local sources			
1920 Contributions & donations from private sources	$ -	$ 24,944	$ 24,944
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	128	128
Total local sources	-	25,072	25,072
3000 Revenue from state sources			
3100 Restricted state funding			
3180 Fringe benefits employer contributions	-	464,802	464,802
	-	464,802	464,802
3300 Education finance act			
3310 Full time programs			
3311 Kindergarten	283,283	199,932	(83,351)
3312 Primary	729,914	593,243	(136,671)
3313 Elementary	967,860	757,487	(210,373)
3316 Speech disabled	80,655	121,581	40,926
3317 Homebound	-	1,459	1,459
	2,061,712	1,673,702	(388,010)
3320 Part time programs			
3322 Educable mentally handicapped	9,848	8,057	(1,791)
3323 Learning disabilities	98,484	82,621	(15,863)
3326 Orthopedically handicapped	17,320	4,723	(12,597)
3331 Autism	-	11,781	11,781
	125,652	107,182	(18,470)
Total state revenue	2,187,364	2,245,686	58,322
Total revenue all sources	2,187,364	2,270,758	83,394
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	1,078,700	124,952	953,748
200 Employee benefits	228,496	26,432	202,064
400 Supplies and materials	20,000	1,392	18,608
500 Capital outlay	-	468	(468)
	1,327,196	153,244	1,173,952
112 Primary programs			
100 Salaries	-	410,201	(410,201)
200 Employee benefits	-	60,392	(60,392)
400 Supplies and materials	-	4,146	(4,146)
500 Capital outlay	-	1,403	(1,403)
	-	476,142	(476,142)
113 Elementary programs			
100 Salaries	-	433,412	(433,412)
200 Employee benefits	-	86,513	(86,513)
300 Purchased services	-	5,988	(5,988)
500 Capital outlay	-	26,918	(26,918)
	-	552,831	(552,831)

(Continued)

YORK PREPARATORY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original and Final Budget	Actual	Variance from Final Budget
EXPENDITURES, Continued			
100 Instruction, continued			
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	-	8,861	(8,861)
	-	8,861	(8,861)
127 Learning disabilities			
100 Salaries	105,000	45,955	59,045
200 Employee benefits	13,367	14,097	(730)
300 Purchased services	31,000	-	31,000
400 Supplies and materials	-	4,032	(4,032)
	149,367	64,084	85,283
140 Special programs			
145 Homebound			
100 Salaries	-	1,991	(1,991)
	-	1,991	(1,991)
170 Summer school programs			
175 Instructional programs beyond regular school day			
100 Salaries	-	300	(300)
	-	300	(300)
Total Instruction	1,476,563	1,257,453	219,110
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	38,000	37,415	585
200 Employee benefits	3,820	5,913	(2,093)
	41,820	43,328	(1,508)
213 Health services			
100 Salaries	23,006	24,256	(1,250)
200 Employee benefits	2,701	2,224	477
300 Purchased services	20,000	-	20,000
400 Supplies and materials	675	675	-
	46,382	27,155	19,227
220 Instructional staff services			
221 Improvement of instruction curriculum development			
300 Purchased services	20,000	15,359	4,641
	20,000	15,359	4,641
222 Library and media services			
400 Supplies and materials	-	2,870	(2,870)
	-	2,870	(2,870)
224 Improvement of instruction inservice and staff training			
300 Purchased services	45,000	8,750	36,250
	45,000	8,750	36,250

(Continued)

YORK PREPARATORY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original and Final Budget	Actual	Variance from Final Budget
EXPENDITURES, Continued			
200 Support services, continued			
230 General administration services			
231 Board of education			
300 Purchased services	7,500	2,475	5,025
600 Other objects	13,564	86	13,478
	21,064	2,561	18,503
232 Office of superintendent			
300 Purchased services	43,747	45,935	(2,188)
	43,747	45,935	(2,188)
233 School administration			
100 Salaries	172,000	226,057	(54,057)
200 Employee benefits	25,431	36,975	(11,544)
300 Purchased services	5,500	1,498	4,002
400 Supplies and materials	18,500	16,317	2,183
500 Capital Outlay	20,000	10,090	9,910
	241,431	290,937	(49,506)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	100,000	299,050	(199,050)
600 Other objects	5,000	5,473	(473)
	105,000	304,523	(199,523)
253 Facilities acquisition and construction			
500 Capital outlay	-	485,789	(485,789)
	-	485,789	(485,789)
254 Operation and maintenance of plant			
100 Salaries	-	42,841	(42,841)
200 Employee benefits	-	4,280	(4,280)
300 Purchased services	352,399	149,162	203,237
321 Public utilities	10,000	12,621	(2,621)
400 Supplies and materials	18,000	5,016	12,984
470 Energy	50,000	44,193	5,807
	430,399	258,113	172,286
255 Student transportation (state mandated)			
100 Salaries	-	23,463	(23,463)
200 Employee benefits	-	2,141	(2,141)
300 Purchased services	41,200	15,679	25,521
	41,200	41,283	(83)
258 Security			
300 Purchased services	15,050	872	14,178
	15,050	872	14,178
263 Information services			
300 Purchased services	-	1,616	(1,616)
	-	1,616	(1,616)
266 Technology and data processing services			
300 Purchased services	20,000	12,587	7,413
	20,000	12,587	7,413
Total support services	1,071,093	1,541,678	(470,585)

(Continued)

YORK PREPARATORY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2011

	Original and Final Budget	Actual	Variance from Final Budget
EXPENDITURES, Continued			
500 Debt service			
620 Interest	-	50,211	(50,211)
690 Other objects	-	228,932	(228,932)
Total debt service	-	279,143	(279,143)
Total expenditures	2,547,656	3,078,274	(530,618)
OTHER FINANCING SOURCES (USES)			
Proceeds from notes payable	-	494,580	494,580
Capital leases	-	272,699	272,699
Transfer to special revenue fund	-	(11,550)	(11,550)
Transfer from proprietary fund	-	24,847	24,847
Transfer from special revenue EIA fund	-	43,914	43,914
Total other financing sources (uses)	-	824,490	824,490
Excess (deficit) of revenues over (under) expenditures	$ (360,292)	16,974	$ (377,266)
FUND DEFICIT BEGINNING OF YEAR		(138,232)	
FUND DEFICIT END OF YEAR		$ (121,258)	

YORK PREPARATORY ACADEMY
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Title I 201	IDEA CA Projects (203/204)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
REVENUES					
1000 Revenue from local sources					
1900 Other revenue from local sources					
1990 Miscellaneous local revenue					
1999 Revenue from other local sources	$ -	$ -	$ -	$ 31,726	$ 31,726
Total local sources	-	-	-	31,726	31,726
3000 Revenue from state sources					
3100 Restricted state funding					
3120 General education					
3123 Formative assessment	-	-	2,828	-	2,828
Total state sources	-	-	2,828	-	2,828
4000 Revenue from federal sources					
4300 Elementary & Secondary Education Act of 1965 (ESEA)					
4310 Title 1, Basic state grant programs	84,941	-	-	-	84,941
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs	-	-	-	61,664	61,664
4320 Public charter school grant	-	-	-	250,000	250,000
4325 Mathematics and science partnerships programs	-	-	-	2,682	2,682
4500 Programs for children with disabilities					
4510 Individuals with Disabilities Education Act (IDEA)	-	85,449	-	-	85,449
Total federal sources	84,941	85,449	-	314,346	484,736
Total revenue all sources	84,941	85,449	2,828	346,072	519,290
EXPENDITURES					
100 Instruction					
110 General instruction					
111 Kindergarten programs					
100 Salaries	-	-	-	20,247	20,247
200 Employee benefits	-	-	-	1,237	1,237
400 Supplies and materials	-	-	-	6,219	6,219
500 Capital outlay	-	-	-	5,651	5,651
	-	-	-	33,354	33,354
112 Primary programs					
100 Salaries	4,153	3,542	-	-	7,695
200 Employee benefits	-	-	-	3,612	3,612
400 Supplies and materials	-	-	-	18,387	18,387
500 Capital outlay	-	-	-	16,953	16,953
	4,153	3,542	-	38,952	46,647
113 Elementary programs					
100 Salaries	45,473	2,008	-	41,499	88,980
200 Employee benefits	11,078	-	-	5,461	16,539
400 Supplies and materials	-	-	-	26,559	26,559
500 Capital outlay	-	-	-	24,487	24,487
	56,551	2,008	-	98,006	156,565
120 Exceptional programs					
123 Orthopedically handicapped					
300 Purchased services	-	6,285	-	-	6,285
400 Supplies and materials	-	552	-	-	552
	-	6,837	-	-	6,837
124 Visually handicapped					
400 Supplies and materials	-	107	-	-	107
	-	107	-	-	107
126 Speech disabilities					
100 Salaries	-	2,917	-	-	2,917
300 Purchased services	-	38,203	-	2,420	40,623
	-	41,120	-	2,420	43,540
127 Learning disabilities					
400 Supplies and materials	-	13,498	-	-	13,498
	-	13,498	-	-	13,498
Total instruction	60,704	67,112	-	172,732	300,548

(Continued)

YORK PREPARATORY ACADEMY
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Title I 201	IDEA CA Projects (203/204)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
EXPENDITURES, Continued					
200 Support services					
210 Pupil services					
215 Exceptional program services					
100 Salaries	-	23,434	-	-	23,434
300 Purchased services	-	180	-	-	180
	-	23,614	-	-	23,614
220 Instructional staff services					
221 Improvement of instruction curriculum development					
300 Purchased services	-	-	2,828	7,188	10,016
	-	-	2,828	7,188	10,016
222 Library and media services					
400 Supplies and materials	-	-	-	100	100
	-	-	-	100	100
224 Improvement of instruction inservice and staff training					
300 Purchased services	28,815	-	-	27,367	56,182
	28,815	-	-	27,367	56,182
230 General administration services					
231 Board of education					
600 Other objects	-	-	-	20,026	20,026
	-	-	-	20,026	20,026
233 School administration					
100 Salaries	3,866	-	-	-	3,866
300 Purchased Services	-	-	-	2,600	2,600
400 Supplies and materials	-	-	-	7,183	7,183
	3,866	-	-	9,783	13,649
250 Finance and operations services					
252 Fiscal services					
300 Purchased services	-	-	-	12,883	12,883
	-	-	-	12,883	12,883
253 Facilities acquisition and construction					
500 Capital outlay	-	-	-	4,111	4,111
	-	-	-	4,111	4,111
254 Operation and maintenance of plant					
100 Salaries	-	-	-	8,750	8,750
300 Purchased services	-	-	-	23,582	23,582
400 Supplies and materials	-	-	-	4,361	4,361
	-	-	-	36,693	36,693
255 Student transportation (state mandated)					
300 Purchased services	-	-	-	4,260	4,260
	-	-	-	4,260	4,260
256 Food services					
400 Supplies and materials	-	-	-	30,906	30,906
	-	-	-	30,906	30,906
258 Security					
300 Purchased services				7,260	7,260
400 Supplies and materials	-	-	-	7,951	7,951
	-	-	-	15,211	15,211
260 Central support services					
266 Technology and data processing services					
300 Purchased services	800	-	-	1,667	2,467
	800	-	-	1,667	2,467
270 Support services pupil activity					
271 Pupil service activities					
100 Salaries	-	174	-	-	174
	-	174	-	-	174
Total support services	33,481	23,788	2,828	170,195	230,292
Total expenditures	94,185	90,900	2,828	342,927	530,840

(Continued)

YORK PREPARATORY ACADEMY
SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Title I 201	IDEA CA Projects (203/204)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
OTHER FINANCING SOURCES (USES)					
5210 Transfer to (from) general fund	(9,244)	(5,451)	-	3,145	(11,550)
Total other financing sources	(9,244)	(5,451)	-	3,145	(11,550)
Excess (deficit) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-
FUND BALANCE BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE END OF YEAR	$ -	$ -	$ -	$ -	$ -

YORK PREPARATORY ACADEMY
EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

			Actual
REVENUES			
3000 Revenue from state sources			
3500	Education Improvement Act		
3511	Professional development		$ 718
3532	National board certification salary supplement		28,036
3540	Early childhood program		1,256
3544	High achieving students		3,330
3550	Teacher salary increase		13,032
3555	School employer contributions		2,769
3558	Reading		1,514
3568	EAA technical assistance		26,881
3577	Teachers supplies		1,100
3588	IDEA fiscal maintenance of effort		35,451
	Total revenue from state sources		114,087
EXPENDITURES			
100 Instruction			
110	General Instruction		
111	Kindergarten programs		
	100	Salaries	7,500
	200	Employee benefits	1,871
			9,371
112	Primary programs		
	100	Salaries	1,831
	400	Supplies and materials	749
			2,580
113	Elementary programs		
	100	Salaries	1,498
	400	Supplies and materials	825
			2,323
120	Exceptional programs		
127	Learning disabilities		
	100	Salaries	42,951
	200	Employee benefits	574
			43,525
	Total Instruction		57,799

(Continued)

YORK PREPARATORY ACADEMY
EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Actual
EXPENDITURES, Continued	
200 Support services	
210 Pupil services	
212 Guidance services	
100 Salaries	750
	750
230 General administrative services	
232 Office of superintendant	
300 Purchased services	25
	25
233 School administration	
100 Salaries	7,266
200 Employee benefits	2,575
400 Supplies and materials	718
500 Capital outlay	1,040
	11,599
Total support services	12,374
Total expenditures	70,173
OTHER FINANCING USES	
5210 Transfer to general fund	(43,914)
Total other financing uses	(43,914)
Excess of revenues over expenditures and other financing uses	-
FUND BALANCE BEGINNING OF YEAR	-
FUND BALANCE END OF YEAR,	$ -

YORK PREPARATORY ACADEMY
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
For the year ended June 30, 2011

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In/ (Out)	Deferred Revenue
937	3123	Formative assessment	$ 2,828	$ 2,828	$ -	$ -
			$ 2,828	$ 2,828	$ -	$ -

YORK PREPARATORY ACADEMY
EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

		Revenues	Expenditures	Transfers In/ (Out)	Deferred Revenue
3500	Education Improvement Act				
3511	Professional development	$ 718	$ 718	$ -	$ -
3532	National board certification salary supplement	28,036	28,036	-	-
3540	Early childhood program	1,256	25	(1,231)	-
3544	High achieving students	3,330	3,330	-	-
3550	Teacher salary increase	13,032	-	(13,032)	-
3555	School employer contributions	2,769	-	(2,769)	-
3558	Reading	1,514	1,514	-	-
3568	EAA technical assistance	26,881	-	(26,881)	-
3577	Teachers supplies	1,100	1,100	-	-
3588	IDEA Maintenance of effort	35,451	35,450	(1)	-
	Total	$ 114,087	$ 70,173	$ (43,914)	$ -

YORK PREPARATORY ACADEMY
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

Program	Grant or project number	Revenue code	Description	Amount due	Status of Amount due
None					

YORK PREPARATORY ACADEMY
PUPIL ACTIVITY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Due from general fund	$ -	$ 105,373	$ 82,700	$ 22,673
Accounts receivable	-	1,405	-	1,405
Total assets	$ -	$ 106,778	$ 82,700	$ 24,078
LIABILITIES				
Due to pupil activities	$ -	$ 106,778	$ 82,700	$ 24,078
Total liabilities	$ -	$ 106,778	$ 82,700	$ 24,078

YORK PREPARATORY ACADEMY
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Agency Fund
REVENUES	
1000 Revenue from local sources	
1300 Tuition	
1350 Tuition from patrons for summer school	$ 601
1700 Pupil Activities	
1710 Admissions	2,085
1720 Bookstore sales	5,063
1790 Other pupil activity income	96,143
1900 Other revenue from local sources	
1920 Contributions & donations from private sources	2,590
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	296
Total revenues from local sources	106,778
Total revenue all sources	106,778
EXPENDITURES	
100 Instruction	
190 Instruction pupil activity	
100 Salaries	2,006
400 Supplies and materials	10,141
500 Capital outlay	434
200 Support services	
210 Pupil services	
217 Career specialist services	
400 Supplies and materials	197
270 Support services - pupil activity	
271 Pupil service activities	
100 Salaries	3,144
200 Employee benefits	82
300 Purchased services	45,816
400 Supplies and materials	16,258
600 Other objects	4,622
Total expenditures	82,700
Excess of revenues over expenditures	24,078
DUE TO PUPIL ACTIVITIES BEGINNING OF YEAR	-
DUE TO PUPIL ACTIVITIES END OF YEAR	$ 24,078

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education.

elliott davis

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

Board of Directors
York Preparatory Academy
Rock Hill, South Carolina

We have audited the financial statements of York Preparatory Academy as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated November 29, 2011. 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

Management of York Preparatory Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered York Preparatory Academy's internal control over financial reporting as a basis for designing 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 York Preparatory Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the York Preparatory Academy's 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as 2011 B.1 and 2011 B.2 that we consider to be significant deficiencies. 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.

Compliance and other matters

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

This report is intended solely for the information and use of the Board of Directors, management, the South Carolina Department of Education and the federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than those specified parties.

Elliott Davis LLC

Myrtle Beach, South Carolina
November 29, 2011

YORK PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. Two significant deficiencies relating to the audit of the financial statements were disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements were disclosed during the audit.
4. No instances of noncompliance related to the financial statements were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2011 B.1 - Preparation of Financial Statements

Significant Deficiency

Condition and Criteria: The auditor prepared the Academy's financial statements

Effect: The Academy is relying on its auditor as part of its system of internal control over financial reporting.

Cause: Neither Academy personnel nor its service providers are trained to prepare the Academy's financial statements in accordance with generally accepted accounting principles

Auditor's Recommendation: The Board should consider the risks associated with its external auditor preparing its financial statements and make any necessary adjustments to its control structure

Auditee Response: Management and the Board are currently considering the related risks and will consider making any necessary changes to its internal control structure

2011 B.2 - Preparation of accounting records under generally accepted accounting principles

Significant Deficiency

Condition and Criteria: The auditor made significant entries to the Academy's general ledger in order for it to conform under generally accepted accounting principles

Effect: Without correction there is a possibility that the Academy's financial statements would be misstated

Cause: The Academy's service provider was aware of the outstanding items but had not captured them in the Academy's general ledger

Auditor's Recommendation: The Board should require that the Academy's general ledger be adjusted for all items having a financial statement impact

Auditee Response: The support services provider will make all necessary adjustments to the Academy's general ledger and will ensure that all activity is properly reflected in the Academy's general ledger