Financial Review Requirements

The statutes which govern the Opportunity Scholarship, Disabilities Grant, and Education Savings Account Programs require that all nonpublic schools receiving more than $300,000 in scholarship or grant funds in a school year, by Program, must contract with a Certified Public Accountant (CPA) to perform a financial review, consistent with Generally Accepted Accounting Principles (GAAP).

Note that schools which share a bank account are considered to be one school for the purposes of this requirement.

Failure to comply with the statutory and regulatory requirements for submission of a financial review may result in the State Education Assistance Authority (SEAA):

1. Withholding scholarship and/or grant funds from the nonpublic school; and/or
2. Deeming the nonpublic school ineligible to participate in one or all Programs.

Financial Review Requirements:
The financial review must contain a complete set of Financial Statements, including the following:

1. Statement of Assets, Liabilities and Net Assets (categorized by current vs. long term), for cash basis statements; Or Statement of Financial Position for GAAP basis statements;
2. Statement of Revenues, Expenses and Changes in Net Assets, for cash basis statements; Or Statement of Activities and Changes in Net Asset for GAAP basis statements;
3. Statement of Cash Flows; and

The Financial Statement should indicate the amount of money the nonpublic school received from SEAA in scholarship or grant funds in the school year, by Program. The disclosure in the Financial Statements must only report activity during the financial period under review.

The Financial Review must be completed by a CPA licensed in North Carolina. SEAA recommends that school officials request a copy of the CPA’s most recent peer review report prior to contracting for the Financial Review.

Submission of Financial Reviews:

1. The financial review prepared by the CPA must be submitted to the Authority on an annual basis as a result of any school year in which the school received more than $300,000 in scholarship or grant funds in any one of the three K12 Programs.
2. The financial review must be submitted within 150 days (5 months) of the end of the school’s fiscal year.
3. The financial review must be submitted in electronic format.

Recommended Documents to Transmit to CPA

For the initial retention of a CPA and on an annual basis thereafter, if applicable, SEAA recommends sharing the following documents with the CPA to assist with the submission of the financial review:

- This document entitled “Financial Review Requirements”; and
- The North Carolina statute that establishes the financial review requirement for schools specifically, the N.C. Gen. Stat. § 115C-562.5(a)(6), which may be found here.