



Financial Review: *a large school requirement*

Information for School
Administrators



Opportunity Scholarship • **Disabilities Grant** • **Education Savings Account**

A school which received more than \$250,000 from any one of the K12 Programs in a school year is a large school. This tutorial is designed for schools which met the program threshold for the Financial Review **as well as** for schools which **might** reach those thresholds in the upcoming school year.

This definition of “large school” for training purposes is wider than the definition in statute. It is important that schools which meet the large school definition in statute **or those on track to do so in a subsequent year** are adequately trained.

THE ACTUAL STATUTORY THRESHOLD: Financial Review from schools who received more than \$300,000 in any one program in the previous school year

Testing Requirement? Neither the testing required of all schools, or the aggregate report requirement for large schools, will be discussed today. SEAA will provide direction separately to schools about the submission of standardized test scores as well as information about the aggregate test score report. Note that the testing requirement for 2019-20 was waived by the General Assembly as a COVID accommodation.

Financial Review

- **Required of:** Schools which receive more than \$300,000 in one school year from SEAA from any one single K12 Program
- **Prepared by:** a certified public accountant (CPA) licensed in North Carolina
- **Due:** within 150 days (5 months) of the end of the nonpublic school's fiscal year
- **Format:** electronic

The due date is an important change, new beginning with 2020. We'll discuss this more with a later slide.

What is a *school year*?

- Reporting requirements are based on gross receipts during the *school* year.
- The amounts reported in the financial statements are based on the school's *fiscal* year.

Nonpublic Schools



A school year is defined as the period of time for which fall and spring payments are disbursed by SEAA. For example, the 2019-20 school year is comprised of the time for which fall 2019 and spring 2020 funds are disbursed.

Fall typically begins in August.

Spring typically begins in January.

Selecting a Certified Public Accountant (CPA)

- The CPA must be qualified to conduct Financial Reviews in the state of North Carolina.
- **RECOMMENDATION:** Schools should request a copy of the CPA's latest peer review to ensure that the CPA is qualified and in good standing with the North Carolina Board of CPAs.
- **RECOMMENDATION:** Provide the CPA with a copy of the North Carolina statute that establishes the Financial Review requirement, as well as SEAA's Financial Review policies.

https://ncseaa2.sites.unc.edu/files/2020/10/FinancialReviewRequirementsfor_nonpublic_schools.pdf

The statute is linked within the Financial Review Requirements document.

Generally Accepted Accounting Principles

The Financial Review is required by North Carolina Statute to be performed “consistent with generally accepted accounting principles” and should therefore include the following:

- Statement of Assets, Liabilities and Net Assets (categorized by current vs. long term)
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
A statement of cash flows is always required, even if the school operates on a cash basis for accounting purposes
- Notes to financial statement

See the full set of requirements for explanations of requirements if cash basis or if GAAP basis.
[http://www.ncseaa.edu/documents/FinancialReviewRequirements\(for_nonpublic_schools\).pdf](http://www.ncseaa.edu/documents/FinancialReviewRequirements(for_nonpublic_schools).pdf)

Program Funds Received

Indicate the total amount of money your school received from SEAA in Opportunity Scholarship, Disabilities Grant, and ESA funds for the school year at issue.

- Funds received must be listed by program (Opportunity, Disabilities, or ESA).
- These amounts must be compatible to SEAA's records. Discrepancies must be reconcilable.
- This disclosure can be on the face of the Financial Statements or in the notes.

Deadlines



The Financial Review is due to SEAA **150 days (5 months)** from the school's fiscal year end.

Nonpublic Schools



EXAMPLE: If your school's fiscal year ends on June 30, the financial review is due to SEAA no later than November 30.

Extensions will not be routinely granted, particularly for schools which are not in the first year of the financial review requirement. However, it is important for school officials to notify SEAA of any delays and the reasons for those delays. Contact the NPS@ncseaa.edu email if you are unsure, or respond to emails you will receive from Larna Griffin, a CPA with SEAA's Financial Services, who will be reaching out to you regarding your deadline. Larna is also available for questions regarding the selection of a CPA or other details specifically related to the Financial Review.

Extension requests must be received *no later than 5 days prior* to that school's financial review deadline.

Schools which do not meet the Financial Review requirement in a timely manner are out of compliance with the K12 Programs and their continued participation in the Programs may be at risk.

Additional Information



www.ncseaa.edu



NPS@ncseaa.edu (for schools only)



(919) 695-8742 (for schools only)

Nonpublic Schools



Contact Information for Schools

These are the ways **schools** contact our staff. Please do not share this information with parents or others.

Parents should use the program emails or call the toll-free number below.

OpportunityScholarships@ncseaa.edu / DGrants@ncseaa.edu / ESA@ncseaa.edu

1-855-330-3955 (toll-free)