

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
TEAM ACADEMY CHARTER SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**TEAM ACADEMY CHARTER SCHOOL**  
**JUNE 30, 2012**  
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September 12, 2012

#### OUR MISSION

The mission of TEAM Charter Schools is to create a network of schools in Newark, New Jersey, that instill in their students the desire and ability to succeed in college, in order to change the world.

#### OUR VALUES

Kid Focus  
Fun  
Improvement  
Impact  
Freedom  
TEAMwork

Commissioner  
New Jersey Department of Education  
100 Riverview Executive Plaza  
CN 500  
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the TEAM Academy Charter School for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** TEAM Academy Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB No. 34. All funds and account groups of the TEAM Academy Charter School are included in this report

TEAM Academy Charter School is a free open-enrollment public school. TEAM completed the 2009-2010 fiscal year with 1,025 students in grades K, and 5 – 10. The mission of TEAM Academy is to prepare all students with the knowledge, skills, and character traits necessary to succeed in the finest high schools and colleges, and become exemplary citizens of their community, country, and world.

<b>Average Daily Enrollment</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change Over Prior Year</b>
2012	1476	17%
2011	1262	22%
2010	1033	34%
2009	771	25%
2008	615	37%
2007	450	41%

- 2) **MAJOR ACCOMPLISHMENTS** – The school served 1,476 students during the 2011-2012 school year in grades K-2<sup>nd</sup> and 5<sup>th</sup>-12<sup>th</sup>. It marked TEAM Academy’s tenth year of operation. Student attendance exceeded 95% and staff attendance was 99%. The 2010-2011 school year was TEAM Academy’s ninth year of operation. The school served 1,306 students. Student attendance exceeded 95% and staff attendance exceeded 99%. The students made impressive academic progress as they continued on the path to college and improved the world around them through their volunteer activities and civic engagement.
  
- 3) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the variation of costs and benefits requires estimates and judgments by Management. As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulation related to those programs. This internal control structure is also subject to periodic evaluation by the Charter School Management.
  
- 4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, TEAM Academy Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure that compliance with legal provisions embodied in the annual budgets is adopted for the General Fund and the Special Revenue Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.
  
- 5) **ACCOUNTING SYSTEM AND REPORTS:** TEAM Academy Charter School’s accounting records reflect Generally Accepted Accounting Principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Basic Financial Statements,” Note 1.

- 6) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund, for the fiscal year ended June 30, 2012.

<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>
Local	3,010,932	10%
State	22,646,610	73%
Federal	1,866,555	6%
Other Sources	2,803,425	8%
Food Service	<u>1,055,713</u>	<u>3%</u>
Total	<u>\$ 31,383,235</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>
Current - General Fund	23,790,997	80%
Capital Outlay	767,942	3%
Special Revenue	3,875,353	13%
Food Service	<u>1,055,713</u>	<u>4%</u>
Total	<u>\$29,490,005</u>	<u>100%</u>

- 7) **CASH MANAGEMENT:** The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements” Note 2. The TEAM Academy Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act
- 8) **RISK MANAGEMENT:** The board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard, and theft insurance on property and contents, and fidelity bonds
- 9) **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RHill", written in a cursive style.

Ryan Hill  
Lead Person

**TEAM ACADEMY  
CHARTER SCHOOL  
ROSTER OF TRUSTEES AND OFFICERS  
JUNE 30, 2012**

**BOARD OF DIRECTORS**

**TERM EXPIRES**

Dan Adan, Trustee, Voting	6/2014
Sheila Boyd, Trustee, Voting	2/2014
Tom Dunn, Trustee, Voting	11/2012
Amy Rosen, Trustee, Voting	9/2012
Patricia Ross, Trustee, Voting	2/2014
Linda Sterling, Trustee, Voting	9/2012
Brendan Maher, Trustee, Voting	10/2012
Heidi Moore, Teacher, Non-voting	
Ryan Hill, Lead Person, Non-voting	

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Scott J. Loeffler, CPA  
7 Cleveland Street  
Caldwell, New Jersey 07006

**ATTORNEYS**

Thomas O. Johnston, Esq.  
Porzio, Bromberg & Newman, P.C.  
100 Southgate Parkway  
P.O. Box 1997  
Morristown, NJ 07962-1997

**OFFICIAL DEPOSITORY**

M&T Bank  
Buffalo, NY 14203

## **FINANCIAL SECTION**

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**UNQUALIFIED OPINION ON BASIC FINANCIAL  
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTARY SCHEDULE OF  
FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION -  
GOVERNMENT ENTITY**

**Independent Auditor's Report**

The Honorable Chairperson and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the TEAM Academy Charter School, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the charter schools' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that I 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 statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my 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 the TEAM Academy Charter School, Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 12, 2012 on my consideration of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and my 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 my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TEAM Academy Charter School's Board of Trustees' basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules 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 Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the accompanying schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Licensed Public School Accountant No. 870



Scott J. Loeffler CPA  
September 12, 2012

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

This section of TEAM Academy Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2011-12 fiscal year include the following:

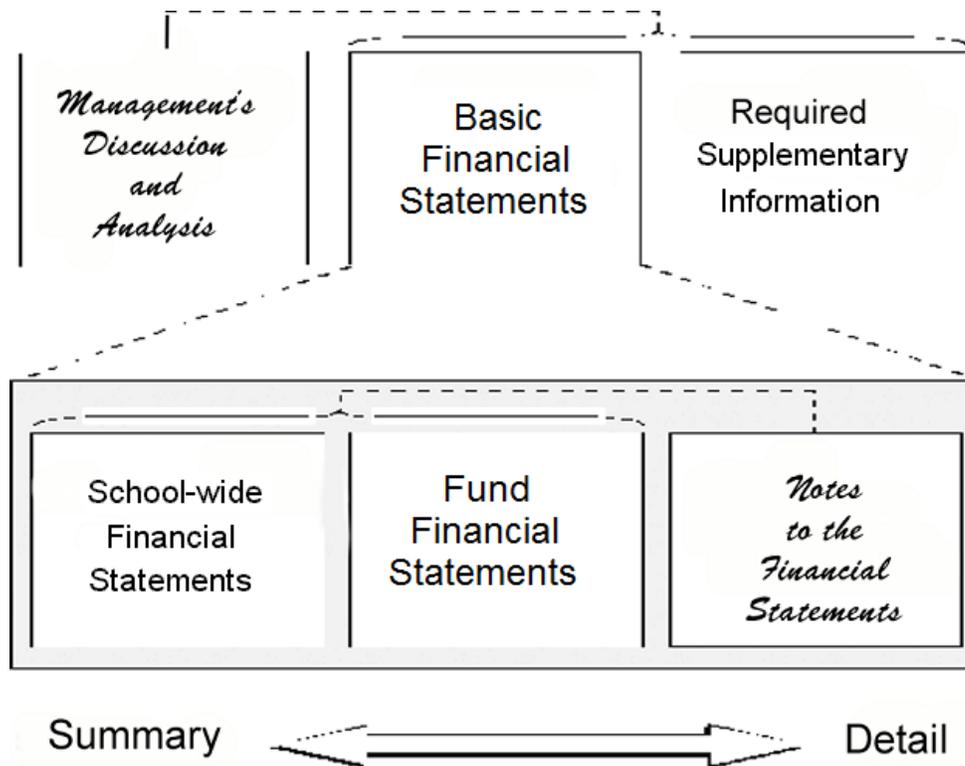
- Net assets were \$5,794,997.
- Net Assets increased by \$2,569,188 from July 1, 2011 to June 30, 2012.
- The General Fund balance at June 30, 2012 is \$4,248,784 an increase of \$1,893,230 when compared with the beginning balance at July 1, 2011.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the TEAM Academy Charter School.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

**Figure A-1. Required Components of the Board's Annual Financial Report**



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the TEAM Academy Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the TEAM Academy Charter School, reporting the TEAM Academy Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the TEAM Academy Charter School operates like businesses.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the TEAM Academy Charter School's financial statements, including the portion of the TEAM Academy Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2 - Major Features of the School-wide and Financial Statements**

	<b><u>School-wide Statements</u></b>	<b><u>Fund Financial Statements</u></b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire school. (except fiduciary funds)	The activities of the TEAM Academy Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the TEAM Academy Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

**School-wide Statements**

The school-wide statements report information about the TEAM Academy Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the TEAM Academy Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the TEAM Academy Charter School's net assets and how they have changed. Net assets – the difference between the TEAM Academy Charter School's assets and liabilities – are one way to measure the TEAM Academy Charter School's financial health or position.

In the school-wide financial statements, the TEAM Academy Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the TEAM Academy Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. State aids finance most of these activities.
- *Business-type activities*- The TEAM Academy Charter School's Food Service Fund is included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the TEAM Academy Charter School's funds – focusing on its most significant or “major” funds – not the TEAM Academy Charter School as a whole.

Funds are accounting devices the TEAM Academy Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

The TEAM Academy Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The TEAM Academy Charter School has three kinds of funds:

- **Governmental funds-** Most of the TEAM Academy Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the TEAM Academy Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the TEAM Academy Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The TEAM Academy Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The TEAM Academy Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the TEAM Academy Charter School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. I exclude these activities from the TEAM Academy Charter School's government-wide financial statements because the TEAM Academy Charter School cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TEAM ACADEMY PUBLIC SCHOOLS AS A WHOLE**

**Net assets.** The TEAM Academy Charter School's net assets are \$5,794,997 on June 30, 2012. (See Table A-1).

Governmental	<u>\$5,794,997</u>
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The Statement of Net Assets of \$1,546,213 reflects total capital assets at net of assumed depreciation since inception.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

The TEAM Academy Charter School's financial position is the product of these factors:

- Program Special Revenue for Governmental Activities were \$1,866,555.
- Program Expenditure for Governmental Activities were \$1,866,555
- General fund revenues during the 2011-12 school year were \$26,452,169.
- General Fund expenditures were \$24,558,939.

**Table A-1**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**As of June 30, 2012**

	<u><b>Total</b></u>
Current and Other Assets	6,461,102
Capital Assets (Including Business Activities)	1,546,213
<b>Total Assets</b>	<u><b>\$8,007,315</b></u>
Long-Term Liabilities	-
Other Liabilities	2,212,318
<b>Total Liabilities</b>	<u><b>\$2,212,318</b></u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	1,546,213
Restricted	
Unrestricted	4,248,784
Credit for Total Compensated Absences	
<b>Total Net Assets</b>	<u><b>\$5,794,997</b></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$5,794,997 on June 30, 2012.

**TEAM ACADEMY CHARTER SCHOOL  
Management’s Discussion and Analysis  
Year Ended June 30, 2012  
(Unaudited)**

**Table A-2  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2012**

<b>Revenues</b>	<b>Total</b>
Program revenues	
Charges for services	62,074
Private Grants	211,308
General revenues	
Local Share	3,010,932
Federal and State Aid-Unrestricted	22,646,610
Federal and State Aid-Restricted	1,866,555
Food Service Aid	782,331
Other	2,803,425
Increase in Net Capital Outlay	675,958
<b>Total revenues</b>	<b><u>\$ 32,059,193</u></b>
<b>Expenses</b>	
Regular Instruction	12,636,140
General Administrative	8,491,199
School Administrative	5,192,475
On-behalf TPAF Social Security and Pension	1,346,536
Capital Outlay	767,942
Food Service	1,055,713
<b>Total expenses</b>	<b><u>\$ 29,490,005</u></b>
(Decrease) in net assets	2,569,188
Net Assets, Beginning July 1	<u>3,225,809</u>
Net Assets, End of Year June 30	<b><u><u>\$ 5,794,997</u></u></b>

**Changes in Net Assets.** The TEAM Academy Charter School’s total revenues were \$31,383,235. Local shares of \$3,010,932 represented 10% of revenues. The state aid of \$22,646,610 represented 72% of revenues and federal aid \$1,866,555 represented 5% of revenues.

The “Other Revenue” for 2012 is \$2,803,425 which represents 9% of revenues and food service revenue of \$1,055,713 which represents 4% of revenues.

The TEAM Academy Charter School’s expenses of \$29,490,005 are predominantly related to instruction and support services. Instruction expenditures totaled \$12,636,140; Administrative and Support services, \$15,030,210, Capital Outlay \$767,942 and food service \$1,055,713.

**TEAM ACADEMY CHARTER SCHOOL  
Management's Discussion and Analysis  
Year Ended June 30, 2012  
(Unaudited)**

Total net assets were increased by \$2,853,186 during the 2011-12 school year.

**Table A-3 (See Exhibit A-2)  
TEAM ACADEMY CHARTER SCHOOL  
Changes in Net Assets - School Wide  
For the Fiscal Year Ended June 30, 2012**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Governmental Activities</b>			
Instruction			
Regular	B-2	12,636,140	12,636,140
<b>Support Services</b>			
General Administrative Services	B-2	8,491,199	8,491,199
School Administrative Services	B-2	5,192,475	5,192,475
On-behalf TPAF Social Security	B-2	1,346,536	1,346,536
Capital Outlay	B-2	767,942	767,942
Food Service	G-2	1,055,713	1,055,713
<b>Total Governmental Activities</b>		<u>\$ 29,490,005</u>	<u>\$ 29,490,005</u>

**FINANCIAL ANALYSIS OF THE TEAM ACADEMY CHARTER SCHOOL OF  
NEWARK'S FUNDS**

The financial performance of the TEAM Academy Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the TEAM Academy Charter School completed the year, its general funds reported a combined fund balance of \$4,248,784 of which \$-0- is being reserved as capital reserve.

Revenues for the TEAM Academy Charter School's governmental funds and business activities were \$31,383,235 while total expenses were \$29,490,005. (Table A-2) (Exhibit A-2)

**GENERAL FUND**

The General Fund includes the primary operations of the TEAM Academy Charter School in providing educational services to students in Kindergarten and from grade 5 through grade 12.

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

The following schedule presents a summary of Government Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

**Table A-4 (See Exhibit B-2)**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Years Ended June 30, 2012 and 2011**

<b>General Fund Revenues</b>	<b>Year Ended 06/30/2012</b>	<b>Year Ended 06/30/2011</b>	<b>Amount of Increase (Decrease)</b>
<b>Local Sources:</b>			
Local Share	3,010,932	2,536,038	474,894
Other Local Revenue	20,931,755	831,251	20,100,504
<b>Total Local Sources</b>	<b>\$ 23,942,687</b>	<b>\$ 3,367,289</b>	<b>\$ 20,575,398</b>
<b>Intergovernmental</b>			
State Sources	1,714,855	17,931,410	(16,216,555)
Other Sources	2,803,425	2,031,602	771,823
Federal Sources	1,866,555	1,786,342	80,213
Enterprise Fund	1,055,713	1,014,367	41,346
<b>Total Intergovernmental Sources</b>	<b>\$ 7,440,548</b>	<b>\$ 22,763,721</b>	<b>\$ (15,323,173)</b>
<b>Total Revenue</b>	<b>\$ 31,383,235</b>	<b>\$ 26,131,010</b>	<b>\$ 5,252,225</b>

The following schedule presents a summary of Governmental expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

**Table A-5 (See Exhibit B-2)**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Years Ended June 30, 2012 and 2011**

<b>General Fund Expenditures</b>	<b>Year Ended 06/30/2012</b>	<b>Year Ended 06/30/2011</b>	<b>Amount of Increase (Decrease)</b>
<b>Current:</b>			
Regular Instruction	12,636,140	10,809,131	1,827,009
General Administrative Services	8,491,199	7,406,276	1,084,923
School Administration	5,192,475	4,646,565	545,910
On-behalf TPAF Social Security and Pension	1,346,536	1,024,675	321,861
Capital outlay	767,942	409,340	358,602
Food Service	1,055,713	1,014,367	41,346
<b>Total Expenditures</b>	<b>\$ 29,490,005</b>	<b>\$ 25,310,354</b>	<b>\$ 4,179,651</b>

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

Total School-Wide expenditures increased by \$4,179,651 during the 2011-2012 year.

**UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES**

The following table shows the General Fund unreserved-undesignated fund balance.

**Table A-6**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Fiscal Year Ended June 30, 2012**

<u>General Fund</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Unreserved-Undesignated Fund Balance	4,248,784	2,355,554	\$1,534,898	\$1,733,406	\$647,280	\$142,453
Expenditures	29,490,005	24,967,251	\$19,452,926	\$12,483,474	\$8,099,667	\$4,749,119

The TEAM Academy Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designed to support the subsequent years budgets \$4,248,784 for the 2011-12 school year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2012, in the General Fund, the TEAM Academy Charter School had invested \$1,174,766 in a broad range of capital assets, including computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total General Fund depreciation expense for the year was \$91,984.

**Table A-7**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Changes in Net Assets - School Wide**  
**For the Fiscal Year Ended June 30, 2012**

Facilities Improvement	\$1,046,103
Equipment	896,605
<b>Total - General Fund</b>	<b>\$1,942,708</b>
Less: Accumulated Depreciation	(396,495)
<b>Total - Net Capital Assets General Fund</b>	<b>\$1,546,213</b>

**TEAM ACADEMY CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2012**  
**(Unaudited)**

**FACTORS BEARING ON THE SCHOOL'S FUTURE**

At the time these financial statements were prepared and audited, the TEAM Academy Charter School was aware of these existing circumstances that could significantly affect its financial health in the future:

- The State of New Jersey passed legislation which imposes a 2% cap on the underlying school District's tax levy.
- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid.

**CONTACTING THE TEAM ACADEMY CHARTER SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the TEAM Academy Charter School's finances and to demonstrate the TEAM Academy Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, TEAM Academy Charter School, 60 Park Place, Suite 802, Newark, NJ 07102.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the TEAM Academy Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2012.

**SCHOOL-WIDE FINANCIAL STATEMENTS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,822,966	\$ (139,248)	\$ 4,683,718
Investments			
Receivables, net	1,567,391	197,875	1,765,266
Security Deposit	12,118		12,118
Capital assets, net (Note 2):	<u>1,546,213</u>	<u>-</u>	<u>1,546,213</u>
Total Assets	<u>7,948,688</u>	<u>58,627</u>	<u>8,007,315</u>
<b>LIABILITIES</b>			
Cash Overdraft			-
Accounts payable	1,542,254	58,627	1,729,199
Due to Newark Board of Ed.	259,199		259,199
Deposits payable			
Payable to federal government	-		-
Payable to state government			
Deferred revenue	165,293		165,293
Noncurrent liabilities:			
Due within one year			
Due beyond one year			
Total liabilities	<u>1,966,746</u>	<u>58,627</u>	<u>2,025,373</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,546,213	-	1,546,213
Restricted for:			
Debt service			-
Capital Reserves			-
Permanent endowment - nonexpendable			
Other purposes			
Unrestricted	4,248,784	-	4,248,784
Total net assets	<u>\$ 5,794,997</u>	<u>-</u>	<u>\$ 5,794,997</u>

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

**Exhibit A-2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Governmental activities:						
Instruction:						
Regular	\$ (12,636,140)		\$ (2,438,141)		\$ (10,197,999)	\$ (10,197,999)
Support services:						
General administration	(8,491,199)		(1,437,212)		(7,053,987)	(7,053,987)
School administrative services/ operations plant serv.	(5,192,475)				(5,192,475)	(5,192,475)
On - behalf TPAF Social Security	(1,346,536)				(1,346,536)	(1,346,536)
Capital Outlay	(767,942)				(767,942)	(767,942)
Total governmental activities	(28,434,292)		(3,875,353)		(24,558,939)	(24,558,939)
Business-type activities:						
Food Service		1,055,713			(1,055,713)	(1,055,713)
Total business-type activities					(1,055,713)	(1,055,713)
Total primary government	(28,434,292)	\$ 1,055,713	\$ (3,875,353)		\$ (24,558,939)	\$ (1,055,713)
General revenues:						
Local Share				3,010,932		3,010,932
State Share				20,931,755	-	20,931,755
State and Federal Aid				1,714,855	782,331	2,497,186
Private Grants					211,308	
Miscellaneous Income				794,627	62,074	856,701
Increase in net Capital Outlay				675,958		675,958
Total general revenues, special items, extraordinary				27,128,127	1,055,713	28,183,840
Change in Net Assets				2,569,188	-	2,569,188
Net Assets—beginning				3,225,809	-	3,225,809
Net Assets—ending				\$ 5,794,997	-	\$ 5,794,997

The accompanying Notes to Financial Statements are an integral part of this document

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,263,868	\$ (440,902)			4,822,966
Investments					
Receivables, net	774,251	793,140			1,567,391
Security Deposit	12,118				12,118
Restricted cash and cash equivalents					
Total assets	<u>\$ 6,050,237</u>	<u>\$ 352,238</u>	<u>\$ -</u>		<u>\$ 6,402,475</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Overdraft		-			
Accrued expense	-		-		0
Accounts payable	1,542,254	186,945			1,729,199
Due to Newark Board of Ed.	259,199				259,199
Payable to federal government			-		0
Payable to state government	-				
Deferred revenue		165,293			165,293
Total liabilities	<u>1,801,453</u>	<u>352,238</u>	<u>-</u>		<u>2,153,691</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	4,248,784				4,248,784
Capital projects fund	-				-
Permanent fund					
Total Fund balances	<u>4,248,784</u>				<u>4,248,784</u>
Total liabilities and fund balances	<u>\$ 6,050,237</u>	<u>\$ 352,238</u>	<u>\$ -</u>		

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,942,708 and the accumulated depreciation is (\$ 396,495) 1,546,213

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

Net assets of governmental activities \$ 5,794,997

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local sources:					
Local share	\$ 3,010,932				\$ 3,010,932
State Share	20,931,755				20,931,755
Other Restricted Miscellaneous Revenues					
Miscellaneous	794,627	2,008,798			2,803,425
Total - Local Sources	24,737,314	-			24,737,314
State sources	1,714,855	-			1,714,855
Federal sources		1,866,555			1,866,555
Total revenues	26,452,169	3,875,353			30,327,522
<b>EXPENDITURES</b>					
Current:					
Regular instruction	\$ 10,197,999	\$ 2,438,141			\$ 12,636,140
Support services- General Administrative	7,053,987	1,437,212			8,491,199
Support Services- School Admin/ operations plant se	5,192,475				5,192,475
On-behalf TPAF Social Security and Pension	1,346,536				1,346,536
Capital outlay	767,942				767,942
Total expenditures	24,558,939	3,875,353			28,434,292
Excess (Deficiency) of revenues over expenditures	1,893,230	-			1,893,230
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-				
Transfers out	-				
Total other financing sources and uses	---				
<b>SPECIAL ITEM</b>					
Net change in fund balances					
Fund balance—July 1	2,355,554				2,355,554
Fund balance—June 30	\$ 4,248,784				\$ 4,248,784

The accompanying Notes to Financial Statements are an integral part of this statement.

**TEAM ACADEMY CHARTER SCHOOL  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2012**

**Total net change in fund balances - governmental funds (from B-2)** \$ 1,893,230

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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 exceeded depreciation in the period.

Depreciation expense	\$ (91,984)
Capital outlays	<u>767,942</u>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 675,958

**Change in net assets of governmental activities** \$ 2,569,188

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

## **PROPRIETARY FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Business-type Activities</b>
	<b>Enterprise funds</b>
	<b>Food Service</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	
Investments	
Accounts receivable	197,875
Other receivables	2,575
Total current assets	200,450
Total assets	200,450
<b>LIABILITIES</b>	
Current liabilities:	
Cash overdraft	139,248
Accounts Payable	61,202
Compensated absences	
Total current liabilities	
Total liabilities	200,450
<b>NET ASSETS</b>	
Invested in capital assets net of related debt	
Restricted for:	
Capital projects	
Unrestricted	-
Total net assets	\$0

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

Exhibit B-5

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<b>Business-type Activities Enterprise Fund Food Service</b>
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 62,074
Special functions	
Total operating revenues	62,074
Operating expenses:	
Cost of sales	(958,194)
Salaries and Benefits	(97,519)
Total Operating Expenses	(1,055,713)
Operating income (loss)	(1,055,713)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	9,967
Federal sources:	
National school breakfast program	150,640
National school lunch program	467,779
After School Snack	153,945
Private Grants	211,308
Total nonoperating revenues (expenses)	993,639
Income (loss) before contributions & transfers	-
Capital contributions	
Transfers in (out)	
Change in net assets	0
Total net assets—beginning	-
Total net assets—ending	\$ -

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit B-6**

	<b>Business-type            Activities            Enterprise Funds</b> <hr/> <b>Food            Service</b> <hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Private contributions	211,308.00
Receipts from customers	\$ 60,000
Payments to employees and benefits	
Payments to suppliers	(1,046,904)
Net cash provided by (used for) operating activities	<hr/> <u>(775,596)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State and Federal Sources	707,205
Operating subsidies and transfers to other funds	--
Net cash provided by (used for) non-capital financing activities	<hr/> <u>707,205</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	(68,391)
Cash Balances—beginning of year	(70,857)
Cash Balances—end of year	<hr/> <u>\$ (139,248)</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	
(Increase) decrease in accounts receivable, net	(77,200)
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in accounts payable	8,809
Increase (decrease) in accrued compensated absences	
Total adjustments	<hr/> <u>(68,391)</u>
Net cash provided by (used for) operating activities	<hr/> <u>\$ (68,391)</u>

## **FIDUCIARY FUNDS**

**Exhibit B-7**

**TEAM ACADEMY CHARTER SCHOOL  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2012**

**NOT APPLICABLE**

**Exhibit B-8**

**TEAM ACADEMY CHARTER SCHOOL  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2012**

**NOT APPLICABLE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the TEAM Academy Charter School 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 more significant of the TEAM Academy Charter School's accounting policies are described below.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity:**

The TEAM Academy Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The TEAM Academy Charter School Board of Trustees is responsible for the fiscal control of the TEAM Academy Charter School. An Executive Director is appointed by the TEAM Academy Charter School and is responsible for the administrative control of the TEAM Academy Charter School. Under existing statutes, the TEAM Academy Charter School's duties and powers include, but are not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The TEAM Academy Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The accompanying financial statements present the government and its component units, entities for which the school is considered to be financially accountable. The TEAM Academy Charter School has no blended or discretely presented component units. Furthermore, the TEAM Academy Charter School is not includable in any other reporting entity as a component unit.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**B. Government-wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the TEAM Academy Charter School and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and 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 are 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 other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services 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. Other items not properly included among program revenues are reported instead as *miscellaneous revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:  
(continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus and basis of accounting, revenues are recognized when susceptible to accrual (i.e. when 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 TEAM Academy Charter School considers revenues to be available if they are collected within 90 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures, which are recorded when payment is due and compensated absences and claims and judgments which are recorded only to the extent that there are expendable financial resources available.

Other items associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the TEAM Academy Charter School.

The TEAM Academy Charter School reports the following major governmental funds:

The *general fund* is the TEAM Academy Charter School's primary operating fund. It accounts for all financial resources of the TEAM Academy Charter School, except those required to be accounted for in another fund.

The TEAM Academy Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:  
(continued)**

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the intended purposes. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The TEAM Academy Charter School has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* in the TEAM Academy Charter School - wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**D. Assets, Liabilities and Net Assets or Equity:**

1. *Deposits and Investments*

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

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories and Prepaid Items*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred revenue.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Accrued Liabilities and Payables**

All payables and accrued liabilities, are reported on the school-wide financial statements. In general, governmental fund payables and accrued liabilities that, once, incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The school's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**D. Assets, Liabilities and Net Assets or Equity: (continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the TEAM Academy Charter School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchase 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method.

**5. *Fund Reserve Restrictions, Commitments and Assignments***

The Charter School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**D. Assets, Liabilities and Net Assets or Equity: (continued)**

**Fund Reserves Restrictions, Commitments and Assignments (continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has no funds restricted at June 30, 2012.

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2012

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2012.

**Reserve for Encumbrances** - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrance at June 30, 2012.

**Reserve for Capital Reserve Account** - This reserve is created by budget appropriation to fund future capital expenditures.

**Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures** - This reserve is created to represent the portion of fund balance at June 30, 2012 restricted and utilized in the adopted subsequent year's budget. At June 30, 2012 there were no reserves.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

No difference noted.

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information:**

In accordance with the requirements of the New Jersey Department of Education, the TEAM Academy Charter School annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon by the Board of Trustees. Budget adoptions and amendments are recorded in the TEAM Academy Charter School minutes.

The budget is properly amended by the TEAM Academy Charter School trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount.

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The school approved several budget transfers during 2011/2012.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgetary Information: (continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the special revenue fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$3,875,343	\$3,875,343	-	-
Adjustments:	-	-	-	-
Add encumbrances at June 30, 2011	-	-	-	-
Less encumbrances at June 30, 2012	-	-	-	-
GAAP Basis	<u>\$3,875,343</u>	<u>\$3,875,343</u>	-	-

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgetary Information: (continued)**

Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

**B. Capital Reserve Account:**

Funds placed in the capital reserve account are restricted to capital projects in the TEAM Academy Charter School's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR).

**NOTE 4. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

As of June 30, 2012, TEAM Academy Charter School cash and cash equivalents consisted of the following:

	<b><u>General Fund</u></b>	<b><u>Special Revenue</u></b>	<b><u>Enterprise Fund</u></b>	<b><u>Total</u></b>
Operating Account	\$5,263,868	(\$440,902)	(\$139,248)	\$4,683,718

**Category 1** - Insured or collateralized with securities held by the Board or its agent in the Board's name.

**Category 2** - Collateralized with securities held by the pledging financial institutions trust department or agent in the Board's name.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 4. DETAILED NOTES ON ALL FUNDS**

**B. Deposits and Investments (continued)**

**Deposits (continued)**

**Category 3** - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the TEAM Academy Charter School's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	\$4,683,718	\$ 0	\$ 0	\$4,683,718

The TEAM Academy Charter School's cash deposits as June 30, 2012 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

**Investments**

New Jersey statutes permit the TEAM Academy Charter School to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the TEAM Academy Charter School or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 18A:20-37.

The TEAM Academy Charter School had no outstanding investments at June 30, 2012.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**C. Receivables**

Receivables as of year-end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$774,251</u>	<u>\$793,140</u>	<u>\$200,450</u>	<u>\$1,767,841</u>
Gross Receivables	<u>\$774,251</u>	<u>\$793,140</u>	<u>\$200,450</u>	<u>\$1,767,841</u>

**D. Deferred Revenue**

Deferred Revenue represents funds which have been received but not yet earned.

There is no deferred revenue in the general fund.

Special Revenue – deferred revenue to be utilized in 2012-2013.

Peter Jennings Award	\$10,075
Charles Hayden Foundation	25,230
MCJ Amelior Foundation Grant	75,000
Calder Foundation Grant to Fiscal Year 2013	19,745
Robinson Harris Foundation (MFF Match)	16,667
Kushan RH Scholarship	5,000
Morgridge Family Foundation Grant	<u>13,576</u>
Total:	<u>\$165,293</u>

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Capital Assets**

Capital assets as at the year ended June 30, 2012 was as follows:

**Primary Government:**

	<b><u>Balance at June 30, 2012</u></b>
<b>Governmental activities:</b>	
Capital assets, not being depreciated:	\$ -
Land	<u>-</u>
Total capital assets, not being depreciated	<u>\$ -</u>
 <b>Capital assets, being depreciated:</b>	
Leasehold Improvements	1,046,103
School equipment	<u>896,605</u>
Total capital assets being depreciated	<u>\$1,942,708</u>
 <b>Less accumulated depreciation for:</b>	
Total accumulated depreciation	<u>(\$396,495)</u>
 Total capital assets, being depreciated, net all funds	 <u>\$1,546,213</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
Total depreciation expense - governmental activities	<u>\$91,984</u>

Capital assets are depreciated in the financial statements using the straight-line method over the estimated useful life of the asset.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Interfund Receivables, Payables, and Transfers:**

As of June 30, 2012, there were no interfund transactions reflected.

**G. Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 5. OTHER INFORMATION**

**A. Contingent Liabilities**

The TEAM Academy Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the TEAM Academy Charter School may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the TEAM Academy Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the TEAM Academy Charter School.

The TEAM Academy Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the TEAM Academy Charter School and which might materially affect the TEAM Academy Charter School's financial position.

**B. Pension Plans**

Substantially all of the TEAM Academy Charter School's employees participate in one of the two contributory defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) of New Jersey. The TPAF and PERS are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the TEAM Academy Charter School and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. As a general rule, all full-time employees are eligible to join the TPAF or the PERS.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Pension Plans (continued)**

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes “final average salary” during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees’ annual compensation as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the TEAM Academy Charter School is a noncontributing employer of the TPAF.

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$223,530 to the TPAF for pension benefits on-behalf of the TEAM Academy Charter School.

**Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees.

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 5. OTHER INFORMATION (continued)**

**B. Pension Plans (continued)**

**Post-Retirement Benefits (continued)**

As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the TEAM Academy Charter School were \$449,352.

**NOTE 6. RISK MANAGEMENT**

The TEAM Academy Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**NOTE 7. LONG-TERM LEASES**

The school leases its premises under the terms of a non-cancelable lease. Rent expense for the year ended June 30, 2012 amounted to \$2,314,917. Future obligations over the primary terms of the long-term lease is as follows:

2013	2,176,000
2014	2,176,000
2015	2,176,000

**TEAM ACADEMY CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2012**

**NOTE 8.     SUBSEQUENT EVENTS**

The school has evaluated subsequent events occurring after the balance sheet through the date of September 12, 2012, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**TEAM ACADEMY CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Share	\$ 3,098,710	\$ 240,116	\$ 3,338,826	\$ 3,010,932	327,894
State Share	19,034,930	1,467,564	\$ 20,502,494	20,931,755	(429,261)
Other Restricted Miscellaneous Revenues	-	-	\$ -	-	-
Miscellaneous	1,784,763	(374,403)	1,410,360	794,627	615,733
Total - Local Sources	<u>23,918,403</u>	<u>1,333,277</u>	<u>25,251,680</u>	<u>24,737,314</u>	<u>514,366</u>
Categorical Aid					
Extraordinary Aid	97,018	-	97,018	98,507	(1,489)
Special Education Aid	-	-	-	-	-
T& E Gap	-	-	-	-	-
Demonstrably Effective	-	-	-	-	-
Non-Public Aid	-	473,358	473,358	269,812	203,546
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	672,882	(672,882)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	673,654	(673,654)
Total State Sources	<u>97,018</u>	<u>473,358</u>	<u>570,376</u>	<u>1,714,855</u>	<u>(1,144,479)</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
<b>Total Revenues</b>	<u>24,015,421</u>	<u>1,806,635</u>	<u>25,822,056</u>	<u>26,452,169</u>	<u>(630,113)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Teachers Salary	\$ 8,696,070	(1,007,154)	7,688,916	7,613,937	74,979
Other Salaries	456,100	(5,735)	450,365	428,420	21,945
Prof/Tech Services	9,476	24,600	34,076	33,113	963
General Supplies	1,396,158	807,746	2,203,904	1,543,136	660,768
Textbooks	257,500	(41,532)	215,968	160,293	55,675
Other Objects	963,043	(433,088)	529,955	419,100	110,855
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>11,778,347</u>	<u>(655,163)</u>	<u>11,123,184</u>	<u>10,197,999</u>	<u>925,185</u>

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support Services - General Administrative</b>					
Salaries of Administrative Salaries	3,548,731	(448,455)	3,100,276	3,098,571	1,705
Salaries of Secretarial and Clerical Assistants	311,991	6,945	318,936	318,936	0
Cost of Benefits	2,514,159	818,157	3,332,316	2,329,056	1,003,260
Other Purchased Services	-	-	-	-	
Purchased Professional and Technical Services	296,528	(24,500)	272,028	238,488	33,540
Communications/Telephone	481,892	(94,645)	387,247	351,302	35,945
Supplies and Materials	275,102	24,781	299,883	256,962	42,921
Other Objects	544,992	47,870	592,862	460,672	132,190
	<u>7,973,395</u>	<u>330,153</u>	<u>8,303,548</u>	<u>7,053,987</u>	<u>1,249,561</u>
<b>Support Services - School Admin/Operation Plant Services</b>					
Salaries	2,145,374	(255,344)	1,890,030	1,791,385	98,645
Purchased Professional and Technical Services	432,700	(53,641)	379,059	333,470	45,589
Other Purchased Services	474,200	(18,172)	456,028	281,096	174,932
Rental of Land and Building- other than Lease Purchase Agreements	2,492,748	(165,021)	2,327,727	2,314,917	12,810
Insurance	79,302	9,258	88,560	86,342	2,218
General Supplies	82,600	13,977	96,577	87,274	9,303
Transportation	50,000	38,771	88,771	48,678	40,093
Energy (Energy and Electricity)	259,000	2,322	261,322	226,230	35,092
Other Objects	63,500	(37,833)	25,667	23,083	2,584
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>6,079,424</u>	<u>(465,683)</u>	<u>5,613,741</u>	<u>5,192,475</u>	<u>421,266</u>
<b>Food Service</b>					
Board Subsidy		-	-	-	
Other Purchased Services		-	-	-	
<b>Total Food Services</b>		<u>-</u>	<u>-</u>	<u>-</u>	
On-behalf TPAF pension Contributions (non-budgeted)				672,882	(343,103)
Reimbursed TPAF Social Security Contributions (non-budgeted)				673,654	(673,654)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>		<u>-</u>	<u>1,346,536</u>	<u>(1,016,757)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>					
	14,052,819	(135,530)	13,917,289	13,592,998	324,291
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>25,831,166</u>	<u>(790,693)</u>	<u>25,040,473</u>	<u>23,790,997</u>	<u>1,249,476</u>

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Instructional Equipment	766,732	(429,178)	337,554	322,804	14,750
Non-Instructional Equipment	-	-	-	-	-
Miscellaneous	213,935	230,094	444,029	445,138	(1,109)
<b>Total Equipment</b>	<u>980,667</u>	<u>(199,084)</u>	<u>781,583</u>	<u>767,942</u>	<u>13,641</u>
<b>TOTAL EXPENDITURES- GENERAL FUND</b>	26,811,833	(989,777)	25,822,056	24,558,939	1,263,117
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,796,412)</u>	<u>2,796,412</u>	<u>-</u>	<u>1,893,230</u>	<u>(1,893,230)</u>
				-	
<b>Other Financing Sources:</b>					
Operating Transfer In:	<u>2,796,412</u>	<u>(2,796,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources:</b>	<u>2,796,412</u>	<u>(2,796,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	1,893,230	(1,893,230)
<b>Fund Balance, July 1</b>	-	-	2,355,554	2,355,554	
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,554</u>	<u>\$ 4,248,784</u>	<u>\$ (1,893,230)</u>

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 2,008,798		\$ 2,008,798	\$ 2,008,798	
State Sources	-		-	-	
Federal Sources	1,866,555		1,866,555	1,866,555	
<b>Total Revenues</b>	<u>3,875,353</u>		<u>3,875,353</u>	<u>3,875,353</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	849,111		849,111	849,111	
Other Salaries for Instruction	54,503		54,503	54,503	
Purchased Professional Services			-	-	
Purchased Professional and Technical Services	275,448		275,448	275,448	
Travel			-	-	
Transportation			-	-	
General Supplies	67,791		67,791	67,791	
Personal Services- Employee Benefits	282,567		282,567	282,567	
Trip Expense	-		-	-	
Textbooks	97,511		97,511	97,511	
Miscellaneous expense	811,210		811,210	811,210	
<b>Total Instruction</b>	<u>2,438,141</u>		<u>2,438,141</u>	<u>2,438,141</u>	
<b>Support Services</b>					
Salaries of Supervisor of Instruction	870,661		870,661	870,661	
Salaries of Social Worker	9,977		9,977	9,977	
Salaries of Clerical			-	-	
Salaries of Secretaries & Clerical Assistants			-	-	
Other purchased Services (400-500 series)	338		338	338	
Personal Services - Employee Benefits	42,040		42,040	42,040	
Professional Development	41,303		41,303	41,303	
Supplies and Materials			-	-	
Scholarships			-	-	
School Transportation	389,388		389,388	389,388	
Transportation and Travel Expenses			-	-	
Rent	83,505		83,505	83,505	
Travel			-	-	
Summer Opportunities			-	-	
Capital Outlay			-	-	
<b>Total Support Services</b>	<u>1,437,212</u>		<u>1,437,212</u>	<u>1,437,212</u>	

TEAM ACADEMY CHARTER SCHOOL  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Transfer to Charter School</b>					
Total Expenditures	3,875,353		3,875,353	3,875,353	
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**TEAM ACADEMY CHARTER SCHOOL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Fiscal Year Ended June 30, 2012**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

## **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for the proceeds of special revenue resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**TEAM ACADEMY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures- Budgetary Basis**  
**For the Year Ended June 30, 2012**

	NCLB 2012		TITLE	TITLE	CSP	CSP	Dissemination	Calder	Friends	Friends	FRIENDS OF	Robinson	Weston	Total
	TITLE	TITLE	VI IDEA	VI							TEAM/			
	TOTAL	I	IIA	PRESCHOOL	IDEA	Grant	Thrive	Grant	Of	Of	Foundation	Fund	Fund	E-2
<b>REVENUES</b>														
Intergovernmental														
State														
Federal	1,866,555	1,131,146	12,589	3,856	323,632	128,052	120,123	147,157						
Other Sources	0													
Miscellaneous	2,008,798										130,255	223,754	389,388	250,000
Total Revenues	3,875,353	1,131,146	12,589	3,856	323,632	128,052	120,123	147,157	130,255	223,754	389,388	250,000	28,027	250,000
<b>EXPENDITURES</b>														
Instruction														
Salaries	849,111	598,127	11,694		56,500	45,715		48,375						88,700
Other Salaries	54,503	45,360				9,143								
Transportation	0													
Personal Services	0													
Purchased Prof. and Tech. Services	275,448				160,000									115,448
General Supplies	67,791			3,856	15,281	1,971		3,377	9,210	0			1,794	32,302
Textbooks	97,511					60,742								36,769
Personal Services - Employee Benefits	282,567	180,068	895		24,725	0				65,809				11,070
Miscellaneous Expense	811,210					0		16,120	15,545	157,607	250,000	26,233	250,000	95,705
Total Instruction	2,438,141	823,555	12,589	3,856	256,506	54,858	62,713	19,497	73,130	223,416	0	250,000	28,027	250,000
Support Services														
Salaries of Supervisors of Instruction	870,661	307,591			67,126	35,052	8,462	86,260	51,125					315,045
Salaries of Social Worker	9,977					9,142								835
Salaries Clerical	0													
Other Purchased Services	338							0		338				
Professional Development	0													
Rent	0													
Supplies and Materials	83,505					29,000	48,948	5,557						
Scholarships	0													
Purchased Prof. and Tech. Services	41,303							17,220	6,000					18,083
School Transportation	389,388										389,388	0		
Furniture and Fixtures	0													
Summer Opportunities	0											0		
Benefits	42,040	0						18,623						23,417
Total Support Services	1,437,212	307,591	0	0	67,126	73,194	57,410	127,660	57,125	338	389,388	0	0	357,380
<b>TOTAL EXPENDITURES</b>	<b>3,875,353</b>	<b>1,131,146</b>	<b>12,589</b>	<b>3,856</b>	<b>323,632</b>	<b>128,052</b>	<b>120,123</b>	<b>147,157</b>	<b>130,255</b>	<b>223,754</b>	<b>389,388</b>	<b>250,000</b>	<b>28,027</b>	<b>250,000</b>

**TEAM ACADEMY CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures- Budgetary Basis**  
**For the Year Ended June 30, 2012**

	<b>TOTAL</b>	<b>Charles Hayden</b>	<b>Hyde and Watson Foundation</b>	<b>Charles Hayden</b>	<b>Kipp Foundation</b>	<b>NJ School Board Grant</b>	<b>New Leaders For New Schools</b>	<b>Goldman Sachs</b>	<b>Causevox Campaign Projects</b>	<b>Morgridge Family Grant</b>	<b>Turrell Fund</b>	<b>Fourier Family Foundation</b>	<b>Education Pioneers Grant</b>	<b>Peter Jennings Grant</b>
<b>REVENUES</b>														
Intergovernmental														
State														
Federal														
Other Sources														
Miscellaneous	737,374	174,770	17,000	77,500	213,399	6,448	898	3,409	5,264	36,424	125,000	43,262	14,000	20,000
<b>Total Revenues</b>	<b>737,374</b>	<b>174,770</b>	<b>17,000</b>	<b>77,500</b>	<b>213,399</b>	<b>6,448</b>	<b>898</b>	<b>3,409</b>	<b>5,264</b>	<b>36,424</b>	<b>125,000</b>	<b>43,262</b>	<b>14,000</b>	<b>20,000</b>
<b>EXPENDITURES</b>														
Instruction														
Salaries	88,700	88,700												
Fellow Salaries	0													
Transportation	0													
Personal Services	0													
Purchased Prof. and Tech. Services	95,448	75,000				6,448							14,000	20,000
General Supplies	32,302		17,000	6,533					5,264			3,505		
Textbooks	36,769			345						36,424				
Personal Services - Employee Benefits	11,070	11,070												
Miscellaneous Expenses	95,705			52,539				3,409				39,757		
<b>Total Instruction</b>	<b>359,994</b>	<b>174,770</b>	<b>17,000</b>	<b>59,417</b>	<b>0</b>	<b>6,448</b>	<b>0</b>	<b>3,409</b>	<b>5,264</b>	<b>36,424</b>	<b>0</b>	<b>43,262</b>	<b>14,000</b>	<b>20,000</b>
Support Services														
Salaries of Supervisors of Instruction	315,045				213,399						101,646			
Salaries of Clerical/Secretarial	835						835							
Other Purchased Services	0													
Professional Development	0													
Supplies and Materials	0													
Scholarships	0													
Purchased Prof. and Tech. Services	18,083			18,083										
School Transportation	0													
Furniture and Fixtures	0										0			
Summer Opportunities	0													
Benefits	23,417						63				23,354			
Capital Outlay	0											0	0	0
<b>Total Support Services</b>	<b>357,380</b>	<b>0</b>	<b>0</b>	<b>18,083</b>	<b>213,399</b>	<b>0</b>	<b>898</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENDITURES</b>	<b>737,374</b>	<b>174,770</b>	<b>17,000</b>	<b>77,500</b>	<b>213,399</b>	<b>6,448</b>	<b>898</b>	<b>3,409</b>	<b>5,264</b>	<b>36,424</b>	<b>125,000</b>	<b>43,262</b>	<b>14,000</b>	<b>20,000</b>

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Food Service Fund** - The fund provides for the operation of food services in all schools.

**Exhibit G-1**  
**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Business- Type Activities</b>
	<b>Enterprise Fund</b>
	<b>Food Services</b>
<b>ASSETS</b>	
Current Assets	
Cash	
Intergovernmental Receivable	
Federal	\$195,460
State	2,415
Accounts Receivable	2,575
Inventory	
Total Current Assets	200,450
Equipment	
Accumulated Depreciation	
Fixed Assets (Net of Accumulated Depreciation)	
Total Assets	200,450
<b>LIABILITIES</b>	
Current Liabilities	
Cash Overdraft	\$139,248
Accounts Payable	61,202
Total Current Liabilities	200,450
Net Assets	
Unrestricted	0
Invested in capital assets net of related debt	
Total Net Assets	\$0

Exhibit G-2

**TEAM ACADEMY CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Business-Type Activities</b>	
	Enterprise Fund	Food Services
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable Programs		
Special Lunch and Breakfast Program	\$62,074	
Special Functions		
Total Operating Revenues	62,074	
 OPERATING EXPENSES		
Salaries, wages and employee benefits	97,519	
Supplies, Materials & Other	958,194	
Professional Fee		
Depreciation		
Cost of Sales		
Total Operating Expenses	1,055,713	
 Income (Loss) From Operations	993,639	
 Nonoperating Revenues		
State Sources		
State Sources	9,967	
Federal Sources		
School Breakfast Program	150,640	
National School Lunch Program	467,779	
After School Snack	153,945	
Private Grants	211,308	
Total Nonoperating Revenues	993,639	
 Net Income (Loss)	0	
 Total Net Assets- Beginning of Year	0	
 Total Net Assets- End of Year	\$0	

**TEAM ACADEMY CHARTER SCHOOL**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2012**

	<u>2012</u>
Cash flows from operating activities	
Private Contributions	\$211,308
Cash Received from Customers	60,000
Cash Payments to Suppliers for Goods and Services	(1,046,904)
Net Cash (Used) by Operating Activities	<u>(775,596)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	
Cash Received from State and Federal Subsidy Reimbursements	707,205
Net Cash Provided by Noncapital Financing Activities	<u>707,205</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(68,391)
Cash and Cash Equivalents, Beginning of Year	(70,857)
Cash and Cash Equivalents, End of Year	<u>(\$139,248)</u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$0
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	(77,200)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	8,809
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>(68,391)</u>
 Net Cash Used by Operating Activities	<u>(\$68,391)</u>

## **FIDUCIARY FUNDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**Combining Statement of Agency Fund Net Assets**  
**Fiduciary Funds**  
**As of June 30, 2012**

	<u>Payroll</u> <u>Agency</u>	<u>Payroll</u> <u>Account</u>	<u>Flex</u> <u>Spending</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash	\$120,118	\$0	\$23,832	\$143,950
Total Assets	\$120,118	\$0	\$23,832	\$143,950
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Intergovernmental Payble - State				
Payroll Deductions and Withholdings	120,118	0	23,832	143,950
Accrued Salaries and Wages				
Due to Student Groups				
Total Liabilities	120,118	0	23,832	143,950
 Fund Balances				
Reserve For Unemploy. Trust Fund				
Total Fund Balances				
Total Liabilities and Fund Balances	\$0	\$0	\$0	\$0

**Exhibit H-2**

**TEAM ACADEMY CHARTER SCHOOL  
Nonexpendable Trust Fund  
Combining Statement of Agency Fund Net Assets  
Fiduciary Funds  
As of June 30, 2012**

**NOT APPLICABLE**

**Exhibit H-3**

**TEAM ACADEMY CHARTER SCHOOL  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
Fiduciary Funds  
For the Year Ended June 30, 2012**

**NOT APPLICABLE**

**TEAM ACADEMY CHARTER SCHOOL**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS</b>				
Cash and Cash Equivalents		\$16,743,839	\$16,743,839	
Total Assets		16,743,839	16,743,839	
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings		6,189,638	6,189,638	
Accrued Salaries and Wages		10,554,201	10,554,201	
Total Liabilities		\$16,743,839	\$16,743,839	

**Exhibit H-5**

**TEAM ACADEMY CHARTER SCHOOL  
Unemployment Compensation Insurance Trust Fund  
Statement of Receipts and Disbursements  
Fiduciary Funds  
For the Year Ended June 30, 2012**

**NOT APPLICABLE**

## **FINANCIAL TRENDS**

**TEAM ACADEMY CHARTER SCHOOL**  
**NET ASSETS BY COMPONENT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2012**  
**(Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 1,546,213	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409	\$ 366,076
Restricted						-
Unrestricted	4,248,784	2,355,554	1,534,898	1,733,406	647,280	142,453
Total governmental activities net assets	<u>\$ 5,794,997</u>	<u>\$ 3,225,809</u>	<u>\$ 1,961,632</u>	<u>\$ 2,170,308</u>	<u>\$ 1,042,689</u>	<u>\$ 508,529</u>
Business-type activities						
Invested in capital assets, net of related debt						\$ -
Restricted						-
Unrestricted						\$ -
Total business-type activities net assets						<u>\$ -</u>
School-wide	\$ 1,546,213	\$ 870,255	\$ 426,734	\$ 436,902	\$ 395,409	\$ 366,076
Invested in capital assets, net of related debt						-
Restricted	4,248,784	2,355,554	1,534,898	1,733,406	647,280	142,453
Unrestricted	<u>\$ 5,794,997</u>	<u>\$ 3,225,809</u>	<u>\$ 1,961,632</u>	<u>\$ 2,170,308</u>	<u>\$ 1,042,689</u>	<u>\$ 508,529</u>
Total school net assets						

**TEAM ACADEMY CHARTER SCHOOL**  
**CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2012**  
**(Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>						
Governmental activities						
Instruction						
Regular	\$12,636,140	\$10,809,131	\$8,682,919	\$5,268,078	\$4,010,599	\$2,348,359
Support Services:						
General administration	8,491,199	7,406,276	5,865,142	3,984,681	1,834,507	983,853
School Administrative Services	5,192,475	4,646,565	3,582,598	2,269,747	1,965,653	1,862,462
On-behalf TPAF Social Security	1,346,536	681,572	496,064	331,137	205,010	124,814
Capital outlay	767,942	409,340	44,274	88,828	83,898	33,316
Unallocated depreciation	91,984	70,280	54,442	47,335	34,583	27,934
Total governmental activities expenses	<u>28,526,276</u>	<u>24,023,164</u>	<u>18,725,439</u>	<u>11,989,806</u>	<u>8,134,250</u>	<u>5,380,738</u>
Business-type activities:						
Food service	1,055,713	927,554	781,029	541,003	388,724	253,174
Child Care	-	-	-	-	-	-
Total business-type activities expense	<u>1,055,713</u>	<u>927,554</u>	<u>781,029</u>	<u>541,003</u>	<u>388,724</u>	<u>253,174</u>
Total school expenses	<u>\$29,581,989</u>	<u>\$24,950,718</u>	<u>\$19,506,468</u>	<u>\$12,530,809</u>	<u>\$8,522,974</u>	<u>\$5,633,912</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$0	\$0	\$0	\$0	\$0	\$0
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	3,875,353	3,817,944	2,113,290	1,451,715	1,597,631	603,685
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	<u>3,875,353</u>	<u>3,817,944</u>	<u>2,113,290</u>	<u>1,451,715</u>	<u>1,597,631</u>	<u>603,685</u>
Business-type activities:						
Charges for services						
Food service	1,055,713	927,554	781,029	541,003	388,724	253,174
Child care	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>1,055,713</u>	<u>927,554</u>	<u>781,029</u>	<u>541,003</u>	<u>388,724</u>	<u>253,174</u>
Total school program revenues	<u>\$4,931,066</u>	<u>\$4,745,498</u>	<u>\$2,894,319</u>	<u>\$1,992,718</u>	<u>\$1,986,355</u>	<u>\$856,859</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	(\$24,650,923)	(\$20,205,220)	(\$16,612,149)	(\$10,538,091)	(\$6,536,619)	(\$4,777,053)
Business-type activities	-	-	-	-	-	-
Total school-wide net expense	<u>(\$24,650,923)</u>	<u>(\$20,205,220)</u>	<u>(\$16,612,149)</u>	<u>(\$10,538,091)</u>	<u>(\$6,536,619)</u>	<u>(\$4,777,053)</u>

**TEAM ACADEMY CHARTER SCHOOL  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012  
(Unaudited)**

**General Revenues and Other Changes in Net Assets**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:						
Local share	\$3,010,932	\$2,536,038	\$1,978,975	\$1,404,703	\$1,559,685	\$857,301
State Share	20,931,755	15,485,572	12,682,970	8,638,026	3,804,599	2,699,210
State aid	1,714,855	2,102,735	1,289,871	1,211,373	1,311,556	888,598
Miscellaneous income	794,627	831,251	407,383	322,780	331,023	277,948
Increase in Net Capital Outlay	767,942	513,801	44,274	88,828	206,369	33,316
Investment earnings					-	-
Miscellaneous income					-	-
Transfers					-	-
Total governmental activities	<u>27,220,111</u>	<u>21,469,397</u>	<u>16,403,473</u>	<u>11,665,710</u>	<u>7,213,232</u>	<u>4,756,373</u>
Business-type activities:						
Investment earnings					-	-
Transfers					-	-
Total business-type activities					-	-
Total school-wide	<u>\$27,220,111</u>	<u>\$21,469,397</u>	<u>\$16,403,473</u>	<u>\$11,665,710</u>	<u>\$7,213,232</u>	<u>\$4,756,373</u>
<b>Change in Net Assets</b>						
Governmental activities	\$2,569,188	\$1,264,177	(\$208,676)	\$1,127,619	\$676,613	(\$20,680)
Business-type activities					-	-
Total school	<u>\$2,569,188</u>	<u>\$1,264,177</u>	<u>(\$208,676)</u>	<u>\$1,127,619</u>	<u>\$676,613</u>	<u>(\$20,680)</u>

**TEAM ACADEMY CHARTER SCHOOL**  
**Combined Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**  
**(Unaudited)**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Enterprise Food Service Fund</b>	<b>Payroll and Payroll Agency Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,263,868	\$ (440,902)	\$ (139,248)	\$ 143,950	\$ 4,827,668
Investments					
Receivables, net	774,251	793,140	200,450		1,767,841
Security Deposit	12,118				12,118
Restricted cash and cash equivalents					
<b>Total assets</b>	<b>\$ 6,050,237</b>	<b>\$ 352,238</b>	<b>\$ 61,202</b>	<b>\$ 143,950</b>	<b>\$ 6,607,627</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Overdraft		-			
Accrued expense	-		-		0
Accounts payable	1,542,254	186,945	61,202		1,790,401
Due to Newark Board of Ed.	259,199				259,199
Payroll and pension withholdings payable				143,950	143,950
Payable to federal government		-			0
Payable to state government	-				
Deferred revenue	-	165,293			165,293
<b>Total liabilities</b>	<b>1,801,453</b>	<b>352,238</b>	<b>61,202</b>	<b>143,950</b>	<b>2,358,843</b>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	4,248,784				4,248,784
Capital projects fund	-				-
Permanent fund					
<b>Total Fund balances</b>	<b>4,248,784</b>				<b>4,248,784</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,050,237</b>	<b>\$ 352,238</b>	<b>\$ 61,202</b>		

**TEAM ACADEMY CHARTER SCHOOL**  
**Combined Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**  
**Unaudited**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund Food Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources:				
Local share	\$ 3,010,932			\$ 3,010,932
State Share	20,931,755		9,967	20,941,722
Other Restricted Miscellaneous Revenues				
Miscellaneous	794,627	2,008,798	62,074	2,865,499
Total - Local Sources	<u>24,737,314</u>	<u>2,008,798</u>	<u>72,041</u>	<u>26,818,153</u>
State sources	1,714,855	-	983,672	2,698,527
Federal sources		1,866,555		1,866,555
Total revenues	<u>26,452,169</u>	<u>3,875,353</u>	<u>1,055,713</u>	<u>31,383,235</u>
<b>EXPENDITURES</b>				
Current:				
Regular instruction	\$ 10,197,999	\$ 2,438,141		\$ 12,636,140
Support services- General Administrative	7,053,987	1,437,212		8,491,199
Support Services- School Admin/ operations plant serv	5,192,475		1,055,713	6,248,188
On-behalf TPAF Social Security and Pension	1,346,536			1,346,536
Capital outlay	767,942			767,942
Other Disbursements				-
Total expenditures	<u>24,558,939</u>	<u>3,875,353</u>	<u>1,055,713</u>	<u>29,490,005</u>
Excess (Deficiency) of revenues over expenditures	<u>1,893,230</u>	<u>-</u>		<u>1,893,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-			
Transfers out	-			
Total other financing sources and uses	<u>---</u>			
<b>SPECIAL ITEM</b>				
Net change in fund balances				
Fund balance—July 1	2,355,554			2,355,554
Fund balance—June 30	<u>\$ 4,248,784</u>			<u>\$ 4,248,784</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TEAM ACADEMY CHARTER SCHOOL**  
**STATEMENT OF CASH FLOW**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(Unaudited)**

	General Fund	Special Revenue Fund	Enterprise Fund Food Service	Payroll and Payroll Agency	Total Governmental Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase in Fund Balance	\$ 1,893,230	--	\$ -	\$ -	\$ 1,893,230
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities					
Depreciation	---	---	---	---	---
(Increase) Decrease in Current Assets					
Accounts Receivable	(671,629)	(485,659)	(74,625)	-	(1,231,913)
Increase (Decrease) in Current Liabilities					
Accounts Payable	702,323	34,158	6,234	32,474	775,189
Deferred Revenue	-	-	-	-	-
Due to the Newark Board Education	259,199	(100,053)	-	-	159,146
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,183,123</u>	<u>\$ (551,554)</u>	<u>\$ (68,391)</u>	<u>\$ 32,474</u>	<u>\$ 1,595,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
NET CASH USED BY INVESTING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH FROM FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL INCREASE IN CASH AND CASH EQUIVALENTS	<u>\$ 2,183,123</u>	<u>\$ (551,554)</u>	<u>\$ (68,391)</u>	<u>\$ 32,474</u>	<u>\$ 1,595,652</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,080,745</u>	<u>110,652</u>	<u>(70,857)</u>	<u>111,476</u>	<u>3,232,016</u>
CASH AND CASH EQUIVALENTS - ENDING OF YEAR	<u>\$ 5,263,868</u>	<u>\$ (440,902)</u>	<u>\$ (139,248)</u>	<u>\$ 143,950</u>	<u>\$ 4,827,668</u>

See independent auditors' report and notes to financial statements.

**TEAM ACADEMY CHARTER SCHOOL  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012  
(Unaudited)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund						
Reserved						
Unreserved	\$4,248,784	\$2,355,554	\$1,534,898	\$1,733,406	\$647,280	\$142,453
Total general fund	<u>\$4,248,784</u>	<u>\$2,355,554</u>	<u>\$1,534,898</u>	<u>\$1,733,406</u>	<u>\$647,280</u>	<u>\$142,453</u>
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

**TEAM ACADEMY CHARTER SCHOOL**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(Unaudited)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Local tax Levy	\$ 3,010,932	\$ 2,536,038	\$ 1,978,975	\$ 1,404,703	\$ 1,559,685	\$ 857,301
Other local revenue	2,803,425	2,862,853	1,314,771	926,780	1,472,323	470,698
State sources	22,646,610	17,588,307	13,972,841	9,849,399	5,116,155	3,587,808
Federal sources	1,866,545	1,786,342	1,205,902	847,715	456,331	410,935
Total revenue	<u>30,327,512</u>	<u>24,773,540</u>	<u>18,472,489</u>	<u>13,028,597</u>	<u>8,604,494</u>	<u>5,326,742</u>
<b>Expenditures</b>						
Instruction						
Regular Instruction	10,197,999	8,596,106	7,236,190	4,475,236	2,944,997	1,805,345
Support Services:						
General administration	7,053,987	5,801,357	5,198,581	3,325,808	1,302,478	983,853
School administrative services/Plant	5,192,475	4,646,565	3,582,598	2,269,747	1,965,653	1,801,791
TPAF Social Security	1,346,536	681,572	496,064	331,137	205,010	124,814
Food Service						
Capital outlay	767,942	409,340	44,274	88,828	83,898	33,316
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Special Revenue	3,875,343	3,817,944	2,113,290	1,451,715	1,597,631	603,685
Total expenditures	<u>28,434,282</u>	<u>23,952,884</u>	<u>18,670,997</u>	<u>11,942,471</u>	<u>8,099,667</u>	<u>5,352,804</u>
Excess (Deficiency) of revenues over (under) expenditures	1,893,230	820,656	(198,508)	1,086,126	504,827	(26,062)
<b>Other Financing sources (uses)</b>						
Proceeds from borrowing	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Transfers in	-	788,333				89,480
Transfers out	-	(788,333)				(89,480)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,893,230</u>	<u>\$ 820,656</u>	<u>\$ (198,508)</u>	<u>\$ 1,086,126</u>	<u>\$ 504,827</u>	<u>\$ (26,062)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: School records**

## **REVENUE CAPACITY**

**EXHIBIT J-5**

**TEAM ACADEMY CHARTER SCHOOL  
REVENUE CAPACITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-6**

**TEAM ACADEMY CHARTER SCHOOL  
Assessed Value and Actual Value of Taxable Property  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-7**

**TEAM ACADEMY CHARTER SCHOOL  
Direct and Overlapping Property Tax Rates  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-8**

**TEAM ACADEMY CHARTER SCHOOL  
Principal Property Taxpayers  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

## **DEBT CAPACITY**

**Exhibit J-9**

**TEAM ACADEMY CHARTER SCHOOL  
Property Tax Levies and Collections  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-10**

**TEAM ACADEMY CHARTER SCHOOL  
Ratios of Outstanding Debt by Type  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-11**

**TEAM ACADEMY CHARTER SCHOOL  
Ratios of Net General Bonded Debt Outstanding  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-12**

**TEAM ACADEMY CHARTER SCHOOL  
Direct and Overlapping Governmental Activities Debt  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Exhibit J-13**

**TEAM ACADEMY CHARTER SCHOOL  
Demographic and Economic Statistics  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-14**

**TEAM ACADEMY CHARTER SCHOOL  
Principal Employers  
For the Year Ended June 30, 2012  
(Unaudited)**

**NOT APPLICABLE**

**OPERATING INFORMATION  
(UNAUDITED)**

**TEAM ACADEMY CHARTER SCHOOL**  
**Full-time Equivalent School Employees by Function/Program**  
**For the Year Ended June 30, 2012**

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction						
Regular	126	116	101	53	33	19
Special education	16	15	17	8	5	
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services	27	24	14	7	4	
General administration			9			
School administrative services	76	54	56	8	7	
Other administrative services				-	-	-
Central services				23	18	
Administrative Information Technology						
Plant operations and maintenance						
Pupil transportation					-	-
Other support services					-	-
Special Schools					-	-
Food Service						
Child Care						
Total	<u>245</u>	<u>209</u>	<u>197</u>	<u>99</u>	<u>67</u>	<u>19</u>

**Source:** School Personnel Records

**TEAM ACADEMY CHARTER SCHOOL**  
**Operating Statistics**  
**For the Year Ended June 30, 2012**  
**(Unaudited)**

Pupil/Teacher Staff Ratio

<u>Fiscal Year</u>	<u>Enroll</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percent Change</u>	<u>Teaching Staff</u>	<u>Element.</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	450	5,352,804	11,895	4.11%	26	0	17	0	462	444	46.67%	96.00%
2008	615	8,099,667	13,170	10.76%	38	0	32	6	615	583	34.36%	96.00%
2009	771	11,942,471	15,940	17.61%	61	0	14	10	771	740	34.36%	96.00%
2010	1,033	18,670,997	18,075	16.19%	113	10	81	22	1,033	998	33.98%	96.00%
2011	1,262	23,952,884	18,980	5.01%	121	20	65	37	1,262	1,204	22.17%	95.00%
2012	1,476	28,434,292	19,264	1.50%	142	30	73	39	1,482	1,423	17.43%	96.00%

**Sources:** School records

**TEAM ACADEMY CHARTER SCHOOL  
School Building Information  
For the Year Ended June 30, 2012**

<u>School Building</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
School						
Square Feet	227,386	116,848	121,000	83,880	83,880	63,880
Capacity (students)	2,280	1,515	1,415	850	850	700
Enrollment	1,476	1,262	1,033	771	615	450

**Source:** School Office

**TEAM ACADEMY CHARTER SCHOOL**  
**Insurance Schedule**  
**For the Year Ended June 30, 2012**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property need	\$ 11,845,000	\$ 5,000
Boiler and Machinery	100,000,000	5,000
General Automobile Liability	1,000,000	-
School Board Legal Liability	6,000,000	5,000
Umbrella	20,000,000	-
Workers' Compensation	2,000,000	-
 Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bond	50,000	N/A

Source: Charter School Records

**TEAM ACADEMY CHARTER SCHOOL**  
**General Fund - Other Local Revenue By Source**  
**For the Year Ended June 30, 2012**  
**(Unaudited)**

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Annual Totals</u>
Fiscal Year							
Ending June 30,							
2007	-	-			-	277,948	277,948
2008	-	-			-	331,023	331,023
2009						452,714	452,714
2010						407,383	407,383
2011						831,251	831,251
2012						794,627	794,627

Source: School records

**TEAM ACADEMY CHARTER SCHOOL**  
**Schedule of Allowable Maintenance Expenditures by School Facility**  
**For the Year Ended June 30, 2012**  
**(Unaudited)**

**NOT APPLICABLE**

**SINGLE AUDIT SECTION K**

SCOTT J. LOEFFLER  
CERTIFIED PUBLIC ACCOUNTANT  
P. O. BOX 553  
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**EXHIBIT K-1**

**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**

The Honorable President and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TEAM Academy Charter School as of and for the fiscal year ended June 30, 2012, which collectively comprise the TEAM Academy Charter School's basic financial statements and have issued my report thereon dated September 12, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, 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**

The management of the Board of Trustees of the TEAM Academy Charter School is responsible for establishing and maintaining effective internal control over financial planning. In planning and performing my audit, I considered the TEAM Academy Charter School Board of Trustees internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the TEAM Academy Charter School Board of Trustees' internal control over financial reporting. Accordingly, I do not express an opinion on effectiveness of the TEAM Academy Charter School Board of Trustees' 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 TEAM Academy Charter School's financial statements will not be prevented or detected and corrected on a timely basis.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TEAM Academy Charter School Board of Trustee's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. However, I noted certain matters that I have reported to the Board in a separate report, the *Auditors' Management report on Administrative Findings - Financial, Compliance, and Performance*, dated September 12, 2012.

This report is intended solely for the information and use of the management of the TEAM Academy Charter School, Board of Trustees and the New Jersey State Department of Education and other state and 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.

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J Loeffler CPA". The signature is written in a cursive style.

Scott J Loeffler, CPA  
September 12, 2012

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## EXHIBIT K-2

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR NJOMB 04-04

The Honorable President and  
Members of the Board of Trustees  
TEAM Academy Charter School  
County of Essex  
Newark, New Jersey

#### Compliance

I have audited the compliance of the Board of Trustee's of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board of Trustee's of the TEAM Academy Charter School major federal and state 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 and state programs is the responsibility of the Board of Trustee's TEAM Academy Charter School management. My responsibility is to express an opinion on the Board of Trustee's TEAM Academy Charter School compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and Federal Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, require that I 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Trustee's TEAM Academy Charter School compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Trustees of the TEAM Academy Charter School compliance with those requirements.

In my opinion, the Board of Trustee's of the TEAM Academy Charter School, in the County of Essex, State of New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of the Board of Trustee's of the TEAM Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the Board of Trustee's TEAM Academy Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of the Board of Trustee's TEAM Academy Charter School 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 or state 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 or state program will not be prevented or detected and corrected, on a timely basis.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information and use of the audit committee, management, the Board of Trustee's TEAM Academy Charter School, the New Jersey State Department of Education, and other state and 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.

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J. Loeffler CPA". The signature is written in a cursive style.

Scott J. Loeffler, CPA  
September 12, 2012

**TEAM ACADEMY CHARTER SCHOOL**  
**Schedule of Federal Financial Assistance**  
**For the Fiscal Year Ended June 30, 2012**

<u>Federal/Grantor Program Title</u>	<u>CFDA/ GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2011</u>	<u>Prior Carry- over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2012</u>	<u>Due to Grantor at June 30, 2012</u>
<b>Food Subsidy</b>											
Federal School Lunch	10.555	07/01/11-06/30/12	\$467,779	(\$68,177)		\$421,928	\$467,779			(114,028)	
Federal After School	10.558	07/01/11-06/30/12	\$153,945	(\$24,419)		138,185	153,945			(40,179)	
Federal Breakfast	10.553	07/01/11-06/30/12	\$150,640	(\$23,105)		132,492	150,640			(41,253)	
Special Revenue Fund											
<b>Special Revenue</b>											
<b>NCLB</b>											
Title I PART A	84.010A	09/01/11-08/31/12	\$1,403,591	(183,913)		1,306,473	1,131,146			(8,586)	
Title IIA	84.367A	09/01/11-08/31/12	\$12,589			12,589	12,589				
Title I ARRA	84.389A	09/01/11-08/31/12	\$490,534	(40,877)		40,877	0				
Charter School Program	84.282	09/01/11-08/31/12	\$128,052			47,237	128,052			(80,815)	
Charter School Program	84.282	09/01/11-08/31/12	\$120,123			0	120,123			(120,123)	
IDEA BASIC	84.027	09/01/11-08/31/12	\$323,632	(43,985)		282,330	323,632			(85,287)	
IDEA Preschool	84.027	09/01/11-08/31/12	\$3,856			3,856	3,856				
Dissemination Grant	84.303	09/01/11-08/31/12	\$147,157	0		102,056	147,157			(45,101)	
Total Special Revenue				(268,775)		1,795,418	1,866,555			(339,912)	---
				(\$384,476)	\$0	\$2,488,023	\$2,638,919		\$0	(\$535,372)	\$0

**TEAM ACADEMY CHARTER SCHOOL**  
**Schedule of State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2012**

**EXHIBIT - B**

<u>State Grantor Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2012</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2012</u>	<u>Due to Grantor at June 30, 2012</u>
GENERAL FUND										
TPAF Social Security	12-495-034-5095-002	7/1/11-06/30/12	\$673,654		\$673,654	\$673,654				
On-Behalf TPAF Pension	12-495-034-5095-006	7/1/11-06/30/12	223,530		223,530	223,530				
On-Behalf Post Ret. Medical	12-495-034-5095-001	7/1/11-06/30/12	449,352		449,352	449,352				
Equalization Aid - Local	12-495-034-5120-078	7/1/11-06/30/12	3,010,932		3,010,932	\$3,010,932				
Equalization Aid - State	12-495-034-5120-078	7/1/11-06/30/12	20,931,755		20,931,755	\$20,931,755				
Non Public Aid	12-100-034-5120-066	7/1/11-06/30/12	269,812		269,812	\$269,812				
Extraordinary Aid	12-495-034-5120-089	7/1/11-06/30/12	98,507		98,507	\$98,507				
Total General Fund				--	25,657,542	25,657,542				
ENTERPRISE FUND										
National School Lunch	12-100-010-3350-23	7/1/11-06/30/12	9,967	(7,048)	14,599	9,967			(\$2,416)	\$ -
GRAND TOTAL				--	\$25,672,141	\$25,667,509			(\$2,416)	\$ -

See accompanying notes to schedules of expenditures of Federal and State Awards

**TEAM ACADEMY CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees of the TEAM Academy Charter School. The board of trustees is defined in the Notes to the school's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the school's basic financial statements. 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.

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**TEAM ACADEMY CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS  
(continued)**

GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$	\$25,657,542	\$25,657,542
Special Revenue Fund	1,866,555		1,866,555
Food Service Fund	<u>772,364</u>	<u>9,967</u>	<u>782,331</u>
Total Awards and Financial Assistance	<u>\$2,638,919</u>	<u>\$25,667,509</u>	<u>\$28,306,428</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012 was 672,882. TPAF Social Security Contributions represents the amount of \$672,882 reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statement Section**

Type of auditor’s report issued:	Unqualified
	<b><u>YES</u></b> <b><u>NO</u></b>
Internal control over financial reporting:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Noncompliance material to financial statements noted?	X

**Federal Awards**

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?	X

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program</u>	
84.01A	No Child Left Behind – Title I Part A	
84.027	IDEA - Part B Basic	
10.555	National School Lunch	
Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000

Auditee qualified as low risk auditee:	X
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**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)**

<b>State Awards</b>	<b><u>YES</u></b>	<b><u>NO</u></b>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000	
Auditee qualified as low risk auditee:		<b>X</b>
Type of auditor’s report issued:		Unqualified
Internal control over major programs:		
Material weakness(es) identified:		<b>X</b>
Significant deficiencies identified not considered to be material weakness(es)?		<b>X</b>
Type of auditor’s report on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?		<b>X</b>
Identification of major programs:		
<u><b>GMIS Number(s)</b></u>		<u><b>Name of State Program</b></u>
12-495-034-5120-078		Equalization Aid Local and State
12-495-034-5095-002		TPAF Social Security

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2012**

**PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**TEAM ACADEMY CHARTER SCHOOL  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2012**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND  
QUESTIONED COSTS**

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133 or with NJOMB Circular 04-04.

**TEAM ACADEMY CHARTER SCHOOL  
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Status of Prior Year Findings**

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.