

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
TEAM ACADEMY CHARTER SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TEAM ACADEMY CHARTER SCHOOL
JUNE 30, 2016
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October 20, 2016

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, 2016, 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.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter School's MD&A can be found immediately following the Independent Auditor's Report.

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 requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 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 a free open-enrollment public school. TEAM completed the 2015-16 fiscal year with 3,249 students across 7 campuses in grades K - 12. The mission of TEAM Academy is to instill in their students the desire and ability to succeed in college, in order to change the world. TEAM's vision is that one day, our nation will know Newark, New Jersey, as a city of world-class public education.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change Over Prior Year
2016	3,249	16%
2015	2,807	27%
2014	2,203	24%
2013	1,767	20%
2012	1,476	17%
2011	1,262	22%
2010	1,033	34%
2009	771	25%
2008	615	37%

- 2) **MAJOR ACCOMPLISHMENTS** – It marked TEAM Academy’s fourteen year of operation. Student attendance exceeded 94% and staff attendance was 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, Special Revenue Fund, and Food Service Fund Revenue's for the fiscal year ended June 30, 2016.

Revenue	Amount	Percent of Total
Local Revenue	\$ 7,346,040	11%
State Share	45,635,311	67%
State Aid - Restricted	4,372,015	6%
Private Funding -General Fund	663,448	1%
State and Special Reveue - General Fund	51,962	1%
Federal Aid - Special Revenue	2,840,738	4%
Private Grants - Special Revenue	3,676,040	4%
Food Service - Federal Aid	2,094,283	3%
Food Service - State Aid	23,071	1%
Food Service - Other Income	435,612	1%
Food Service - Board Contributions	242,219	1%
	<u>\$67,380,739</u>	<u>100%</u>

The following schedule presents a summary of the General Fund, Special Revenue Fund and Food Service Fund expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percent of Total
Current - General Fund	\$58,225,842	86%
Capital Outlay	598,598	1%
Special Revenue	6,568,740	9%
Food Service	<u>2,795,185</u>	<u>4%</u>
Total	<u>\$68,188,365</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 school 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 the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations 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, 2016**

BOARD OF DIRECTORS

TERM EXPIRES

Daniel Adan, Trustee, Voting	6/2017
Michaela Murray Nolan, Trustee, Voting	3/2018
Sheila Boyd, Trustee, Voting	2/2017
Amy Rosen, Trustee, Voting	11/2018
Linda Sterling, Trustee, Voting	11/2018
Lunedar Girault Albert, Trustee, Voting	3/2019
Tia Morris, Trustee, Voting	9/2019
Brendan Maher, Trustee, Voting	11/2018
Ryan Hill, Lead Person, Non-voting	

CONSULTANTS AND ADVISORS

AUDIT FIRM

Scott J. Loeffler, CPA
12 Merry Lane
East Hanover, New Jersey 07936

ATTORNEYS

Thomas O. Johnston, Esq.
JOHNSTON LAW FIRM LLC
75 Midland Avenue, Suite 1
Montclair, NJ 07042

OFFICIAL DEPOSITORY

M&T Bank
250 Pehle Ave. Suite 104
Saddle Brook, NJ 07663
Buffalo, NY 14203

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT
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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2016, and the related notes to the financial statements, which collectively comprise the TEAM Academy Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Budgetary Comparison Information* as listed in the table of contents 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 the 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.

Supplementary and Other Information

My audit was conducted for the, purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying supplementary information which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, and the schedules of expenditures of federal awards and state financial assistance required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, are the responsibility of management and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 20, 2016 on my consideration of the TEAM Academy Charter School's internal control over financial reporting and on 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TEAM Academy Charter School's internal control over financial reporting and compliance.

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 with a horizontal line at the end.

Scott J. Loeffler CPA
October 20, 2016

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

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(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, 2016. 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 2015-2016 fiscal year include the following:

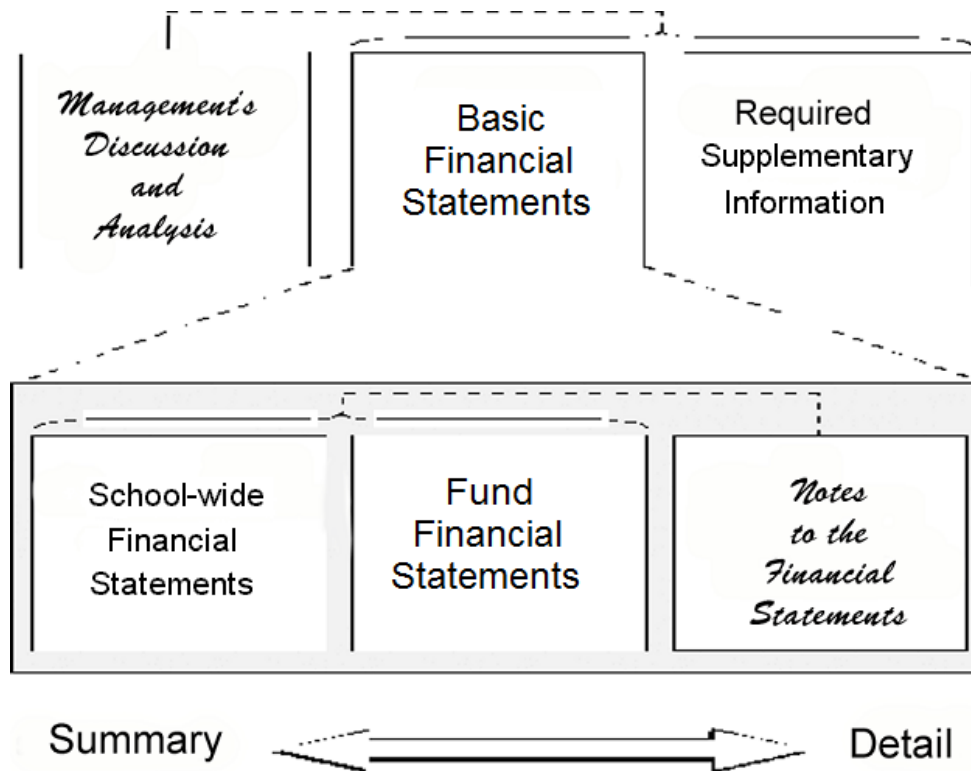
- Total Net Position (Deficit) was (\$536,468). A total of \$13,583,507 net of pension adjustment of (\$14,119,975) See table A-1.
- Total Net Position decreased by (\$1,347,880) from July 1, 2015 to June 30, 2016.
- The General Fund balance at June 30, 2016 is \$9,598,933 a decrease of (\$807,626) when compared with the beginning balance at July 1, 2015.

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
For the Fiscal Year Ended June 30, 2016
(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
For the Fiscal Year Ended June 30, 2016
(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

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>
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 position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
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
For the Fiscal Year Ended June 30, 2016
(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 position 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 position and how they have changed. Net position – 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
For the Fiscal Year Ended June 30, 2016
(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 properly 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 position and a statement of changes in fiduciary net position. 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 position. The TEAM Academy Charter School's net position (deficit) is (\$536,468) on June 30, 2016, a total of \$13,583,507 net of pension adjustment of (\$14,119,975). (See Table A-1).

Governmental	<u>(\$536,468)</u>
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The Statement of Net Position reflects total capital assets of \$3,984,574, net of assumed depreciation since inception.

**TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

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

- Program Special Revenue for Activities were \$6,568,740.
- Program Special Expenditures for Activities were \$6,568,740
- General Fund revenues during the 2015-2016 school year were \$58,016,815.
- General Fund expenditures were \$58,824,440.

**Table A-1
TEAM ACADEMY CHARTER SCHOOL
Statement of Net Position
As of June 30, 2016**

	<u>Total</u>
Current and Other Assets	\$13,090,817
Capital Assets (Including Business Activities)	3,984,574
Pension Deferred Inflows	9,477,453
Total Assets	<u>\$26,552,844</u>
Net Pension Liability	23,224,030
Pension deferred Inflows	373,398
Other Liabilities	3,278,518
Total Liabilities	<u>26,875,946</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	3,984,574
Restricted	
Unrestricted	(4,521,042)
Credit for Total Compensated Absences	
Total Net Position	<u><u>(\$536,468)</u></u>
Fund Balance 06/30/16	\$9,598,933
Invested In Capital Assets, Net of Related Debt	3,984,574
Net Position before Pension Adjustment	<u>13,583,507</u>
Less: Pension Adjustment (Note 18)	<u>(14,119,975)</u>
Net Position	<u><u>(\$536,468)</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$13,583,507 before pension adjustment of (\$14,119,975) on June 30, 2016.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table A-2
TEAM ACADEMY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016

Revenues	Total	Percentage
Program revenues		
Charges for services	\$ 435,612	1%
Board Subsidy	242,219	1%
General revenues		
Local Share	7,346,040	11%
State Aid-Unrestricted	45,635,311	63%
State Aid- Restricted	4,372,015	10%
Miscellaneous Revenue- General Fd	663,448	1%
Private Funding- General Fd	0	1%
SpecialRevenue -State Aid	51,962	1%
Special Revenue Federal Aid	2,840,738	4%
Special Revenue- Private Funding	3,676,040	4%
Food Service State Aid	23,071	1%
Food Service Federal Aid	2,094,283	2%
Total Revenues	<u>\$ 67,380,739</u>	<u>100%</u>
 Expenses		
Regular Instruction	23,810,908	40%
General Administrative	25,090,283	33%
School Administrative	11,692,711	16%
On-behalf TPAF Social Security and Pension	4,200,680	5%
Capital Outlay	598,598	2%
Food Service	2,795,185	4%
Total expenses	<u>\$ 68,188,365</u>	<u>100%</u>
 Increase in Fund Balance	(807,626)	
Increase in Net Capital Outlay	<u>1,073,604</u>	
Net Increase in Net Position	265,978	
Net Position - Beginning July 1	<u>13,317,529</u>	
Net Position - Before Pension Adjustment	\$ 13,583,507	
Less Pension adjustment net (Note 18)	<u>(14,119,975)</u>	
Net Position - End of Year June 30	<u>(\$536,468)</u>	

**TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Total net assets increased by \$1,823,030 during the 2015-2016 school year.

**Table A-3 (See Exhibit A-2)
TEAM ACADEMY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	\$ 23,810,908	\$ 23,810,908
Support Services			
General Administrative Services	B-2	25,090,283	25,090,283
School Administrative Services	B-2	11,692,711	11,692,711
On-behalf TPAF Soc Security and Pen	B-2	4,200,680	4,200,680
Capital Outlay	B-2	598,598	598,598
Food Service	G-2	2,795,185	2,795,185
Total Governmental Activities		<u>\$ 68,188,365</u>	<u>\$ 68,188,365</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 \$9,598,933 of which \$-0- is being reserved as capital reserve.

Revenues for the TEAM Academy Charter School's governmental funds and business activities were \$67,560,739 while total expenses were \$68,188,365. (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 K-12.

TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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

Table A-4 (See Exhibit B-2)
TEAM ACADEMY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Revenues	Year Ended 06/30/2016	Year Ended 06/30/2015	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ 7,346,040	\$ 6,353,278	\$ 992,762
State Aid	45,635,311	37,333,445	8,301,866
Total Local Sources	\$ 52,981,351	\$ 43,686,723	\$ 9,294,628
Intergovernmental			
State Sources	4,423,977	6,273,559	(1,849,582)
Other Sources	4,339,488	4,503,993	(164,505)
Federal Sources	2,840,738	2,712,706	128,032
Enterprise Fund	2,795,185	2,416,922	378,263
Total Intergovernmental Sources	\$ 14,399,388	\$ 15,907,180	\$ (1,507,792)
Total Revenue	\$ 67,380,739	\$ 59,593,903	\$ 7,786,836

The following schedule presents a summary of Governmental expenditures. The summary reflects the dollar increase (decrease) from the prior year.

Table A-5 (See Exhibit B-2)
TEAM ACADEMY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Years Ended June 30

General Fund Expenditures	Year Ended 06/30/2016	Year Ended 06/30/2015	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 23,810,908	\$ 23,159,756	\$ 651,152
General Administrative Services	25,090,283	19,244,447	5,845,836
School Administration	11,692,711	9,309,491	2,383,220
On-behalf TPAF Social Security and Pension	4,200,680	3,232,391	968,289
Capital outlay	598,598	1,059,471	(460,873)
Food Service	2,795,195	2,416,922	378,273
Total Expenditures	\$ 68,188,375	\$ 58,422,478	\$ 9,765,897

**TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Total School-Wide expenditures increased by \$11,835,341 and total School-Wide revenue increased by \$11,504,721 during the 2015-2016 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 Position - School Wide
For the Fiscal Years Ended June 30**

<u>General Fund</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unreserved-Undesignated Fund Balance	\$9,598,933	\$10,406,559	\$9,235,134	\$6,931,537	\$4,248,784	\$2,355,554
Expenditures	\$68,188,365	\$58,422,478	\$46,704,102	\$37,209,033	\$29,490,005	\$24,967,251

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 designated to support the subsequent years budgets \$9,598,933 for the 2015-2016 school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, in the General Fund, the TEAM Academy Charter School had invested \$3,827,117 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 \$189,294.

Table A-7
**TEAM ACADEMY CHARTER SCHOOL
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2016**

Facilities Improvement	\$2,927,373
Equipment	2,224,543
Total - General Fund	\$5,151,916
Less: Accumulated Depreciation	(1,167,342)
Total - Net Capital Assets General Fund	\$3,984,574

**TEAM ACADEMY CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

**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, 2016.

SCHOOL-WIDE FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,870,072	\$ (203,356)	\$ 9,666,716
Receivables, net	2,974,384	437,685	3,412,069
Security Deposit	12,032		12,032
Capital assets, net	3,984,574	-	3,984,574
Total Assets	<u>16,841,062</u>	<u>234,329</u>	<u>17,075,391</u>
Deferred outflows of resources			
Pension deferred outflows	-		-
Total assets and deferred outflows of resources	<u>\$ 16,841,062</u>	<u>\$ 234,329</u>	<u>\$ 17,075,391</u>
LIABILITIES			
Accounts payable	2,660,614	234,329	2,894,943
Due to School Districts	590,301		590,301
Deposits payable			
Payable to federal government	-		-
Payable to state government			
Deferred revenue	6,640		6,640
Net pension liability	-		-
Total liabilities	<u>3,257,555</u>	<u>234,329</u>	<u>3,491,884</u>
Deferred inflows of resources			
Pension deferred inflows	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	3,984,574	-	3,984,574
Restricted for:			
Debt service			-
Capital Reserves			-
Permanent endowment - nonexpendable			
Other purposes			
Unrestricted (Note 17)	9,598,933	-	9,598,933
Total net position	<u>\$ 13,583,507</u>	<u>-</u>	<u>\$ 13,583,507</u>
Fund Balance June 30, 2016 - B-1	\$9,598,933		
Cost of capital assets net accumulated depreciation	3,984,574		
Net position before pension adjustments	13,583,507		
Less pension adjustments net (Note 17) (Deficit)	(14,119,975)		
Total net position	<u>(\$536,468)</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 Fiscal Year Ended June 30, 2016

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ (23,810,908)		\$ (3,980,445)		\$ (19,830,463)	\$ (19,830,463)
Support services:						
General administration	(25,090,283)		(2,588,295)		(22,501,988)	(22,501,988)
School administrative services/ operations plant serv.	(11,692,711)				(11,692,711)	(11,692,711)
On - behalf TPAF Social Security and Pension	(4,200,680)				(4,200,680)	(4,200,680)
Capital Outlay	(598,598)				(598,598)	(598,598)
Total governmental activities	(65,393,180)		(6,568,740)		(58,824,440)	(58,824,440)
Business-type activities:						
Food Service		(2,795,185)			(2,795,185)	(2,795,185)
Total business-type activities					(2,795,185)	(2,795,185)
Total primary government	(65,393,180)	\$ (2,795,185)	\$ (6,568,740)		\$ (58,824,440)	\$ (61,619,625)
General revenues:						
				7,346,040		7,346,040
				45,635,311	-	45,635,311
				4,372,015	23,071	4,395,086
				-	2,094,283	2,094,283
				0	242,219	242,219
				663,448	435,612	1,099,060
				58,016,814	2,795,185	60,811,999
				(807,626)	--	(807,626)
				1,073,604	--	1,073,604
				265,978	--	265,978
				(14,119,975)		(14,119,975)
				13,317,529	--	13,317,529
				\$ (536,468)	--	\$ (536,468)

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
As of June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,132,691	\$ (1,262,619)			9,870,072
Investments		-			0
Receivables, net	1,491,759	1,482,625			2,974,384
Security Deposit	12,032				12,032
Restricted cash and cash equivalents					
Total assets	<u>\$ 12,636,482</u>	<u>\$ 220,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,856,488</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued expense					0
Accounts payable	2,447,248	213,366			2,660,614
Due to School Districts	590,301				590,301
Payable to federal government		-	-	-	0
Payable to state government	-				0
Deferred revenue	-	6,640	-	-	6,640
Total liabilities	<u>3,037,549</u>	<u>220,006</u>	<u>-</u>	<u>-</u>	<u>3,257,555</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	9,598,933				9,598,933
Capital projects fund	-				-
Permanent fund					
Total Fund balances	<u>9,598,933</u>				<u>9,598,933</u>
Total liabilities and fund balances	<u>\$ 12,636,482</u>	<u>\$ 220,006</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for *governmental activities* in the statement of net position (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 and the accumulated depreciation	\$5,151,916 <u>(1,167,342)</u>	3,984,574
Net position before pension adjustments		13,583,507
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore, are not reported in the fund statements. (See Note 6)		9,477,453
Deferred Outflows related to pension actuarial gains from experience and differences in actual returns and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 6)		(373,398)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6)		<u>(23,224,030)</u>
Net position of governmental activities		<u>\$ (536,468)</u>

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 Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local Share	\$ 7,346,040				\$ 7,346,040
State Share	45,635,311				45,635,311
Other Restricted Miscellaneous Revenues					
Miscellaneous	663,448	3,676,040			4,339,488
Total - Local Sources	53,644,799	-			53,644,799
State Sources	4,372,015	51,962			4,423,977
Federal Sources		2,840,738			2,840,738
Total Revenues	58,016,814	6,568,740			64,585,554
EXPENDITURES					
Current:					
Regular instruction	\$ 19,830,463	\$ 3,980,445			\$ 23,810,908
Support services- General Administrative	22,501,988	2,588,295			25,090,283
Support Services- School Admin/ operations plant se	11,692,711				11,692,711
On-behalf TPAF Social Security and Pension	4,200,680				4,200,680
Capital outlay	598,598				598,598
Total Expenditures	58,824,440	6,568,740			65,393,180
Excess (Deficiency) of Revenues over Expenditures	(807,626)	-			(807,626)
OTHER FINANCING SOURCES (USES)					
Transfers in	-				
Transfers out	-				
Total other financing sources and uses	---				
SPECIAL ITEM					
Net change in fund balances					
Fund balance—July 1	10,406,559				10,406,559
Fund balance—June 30	\$ 9,598,933				\$ 9,598,933

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 Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (807,626)

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	\$ (251,195)	
	Capital outlays	<u>1,324,799</u>	
			1,073,604

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

Change in net position of governmental activities \$ 265,978

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

PROPRIETARY FUNDS

TEAM ACADEMY CHARTER SCHOOL
Statement of Net Position
Proprietary Funds
As of June 30, 2016

		Business-type Activities	Enterprise funds
			Food Service
ASSETS			
Current assets:			
Cash and cash equivalents	\$	(203,356)	
Investments			
Accounts receivable		433,103	
Other receivables		4,582	
Total current assets		234,329	
Total assets		234,329	
LIABILITIES			
Current liabilities:			
Cash overdraft		-	
Accounts Payable		234,329	
Compensated absences			
Total current liabilities		234,329	
Total liabilities		234,329	
NET POSITION			
Invested in capital assets net of related debt			
Restricted for:			
Capital projects			
Unrestricted			
Total net position		\$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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities Enterprise Fund Food Service
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 435,614
Special functions	
Total operating revenues	435,614
Operating expenses:	
Cost of sales	(2,795,185)
Salaries and Benefits	-
Total Operating Expenses	(2,795,185)
Operating income (loss)	(2,359,571)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	23,071
Federal sources:	
National school breakfast program	537,660
National school lunch program	1,218,155
After School Snack	338,469
Total nonoperating revenues (expenses)	2,117,355
Income (loss) before contributions & transfers	(242,216)
Capital contributions	242,216
Transfers in (out)	
Change in net assets	-
Total net position - beginning	-
Total net position - 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 Fiscal Year Ended June 30, 2016

Exhibit B-6

	Business-type Activities <u>Enterprise Funds</u> <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Board Contributions	\$242,219
Receipts from customers	435,612
Payments to employees and benefits	
Payments to suppliers	(2,791,166)
Net cash provided by (used for) operating activities	<u>(2,113,335)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	1,752,844
Operating subsidies and transfers to other funds	--
Net cash provided by (used for) non-capital financing activities	<u>1,752,844</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
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	(360,491)
Cash Balances - beginning of year	157,135
Cash Balances (Overdraft) - end of year	<u>\$ (203,356)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
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	(364,510)
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in accounts payable	4,019
Increase (decrease) in accrued compensated absences	
Total adjustments	<u>(360,491)</u>
Net cash provided by (used for) operating activities	<u>\$ (360,491)</u>

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

FIDUCIARY FUNDS

TEAM ACADEMY CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2016

	<u>Payroll Agency</u>	<u>Payroll Account</u>	<u>Unemployment Trust</u>	<u>Flex Spending</u>	<u>TOTAL</u>
ASSETS					
Cash	\$314,317	\$2,022	\$235,927	\$76,367	\$628,633
Total Assets	<u>\$314,317</u>	<u>\$2,022</u>	<u>\$235,927</u>	<u>\$76,367</u>	<u>\$628,633</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Intergovernmental Payable - State					
Payroll Deductions and Withholdings	314,317	2,022	0	76,367	392,706
Accrued Salaries and Wages					
Due to Student Groups					
Total Liabilities	<u>314,317</u>	<u>2,022</u>	<u>0</u>	<u>76,367</u>	<u>392,706</u>
Net Position					0
Reserve For Unemployed Trust Fund			235,927		235,927
Total Net Position					<u>0</u>
Total Liabilities and Net Position	<u>\$314,317</u>	<u>\$2,022</u>	<u>\$235,927</u>	<u>\$76,367</u>	<u>\$628,633</u>

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

Exhibit B-8

**TEAM ACADEMY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

TEAM Academy Charter School (the “Charter School”) was incorporated in the State of New Jersey in 2002 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but 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.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities of the Charter School.

The primary criterion for including activities within the Charter School’s reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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.

Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The TEAM Academy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of TEAM Academy Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the TEAM Academy Charter School (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Charter School Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the school over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

B Fund Accounting

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds (continued)

Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

General Fund - The General Fund is the primary operating fund of the Charter School. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2016 there was no Capital Projects Fund.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise Funds - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Trust Funds - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

Agency Funds – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. *Basis of accounting* refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total position) is classified as net position.

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

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, 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 funds 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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial reports.

E Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investments are stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund 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 loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving bank the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. 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 their deposits to the Governmental Units.

F Short-Term Interfund Receivables/Payables

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

G Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

H Capital Assets

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Facilities improvements	25
Equipment	10

I Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2016.

J Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-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.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

K 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 2015-2016.

NCLB Title I	\$151,639
Cohen Family Foundation	<u>6,640</u>
Total:	<u><u>\$158,279</u></u>

L Fund Balance and Equity

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Charter School's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

M Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

O Net Position

A deferred outflow of resources is a consumption of net position by the TEAM Academy Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the TEAM Academy Charter School that is applicable to a future reporting period. The TEAM Academy Charter School did not have any deferred inflows or outflows of resources at June 30, 2016.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P New Accounting Standards

During the prior fiscal year 2015, the Charter School adopted the following GASB statements:

GASB 68, Accounting and Financial Reporting for Pensions The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

3 DEPOSITS AND INVESTMENTS

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows: The market value of the collateral must equal at least 5% of the average daily balance of collected funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

3 DEPOSITS AND INVESTMENTS (continued)

The Charter School’s cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School’s deposits and investments are exposed to custodial credit risk. As of June 30, 2016, the Charter School’s carrying amount of deposits and investments are as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Operating A/C	\$11,132,691	(\$1,262,619)	(\$203,356)	\$314,317	\$9,981,032

Operating cash accounts are held in the Charter School’s name by one banking institution. At June 30, 2016, the Charter School’s bank balance was \$9,981,083.

Of the bank balance, \$250,000 of the Charter School’s cash deposits on June 30, 2016 were secured by federal deposit insurance and \$9,731,083 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit protection Act (“GUDPA”).

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

Category 1

Insured or collateralized with securities held by the Charter School or by its agent in the Charter School’s name.

Category 2

Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’s name.

Category 3

Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Charter School’s name.

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

3 DEPOSITS AND INVESTMENTS (continued)

Investments

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal national Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2016, the Charter School did not hold any investments.

4 CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2016:

	<u>Beginning Balance July 1, 2015</u>	<u>Net Additions (Deletions)</u>	<u>Ending Balance June 30, 2016</u>
Governmental Activities			
Capital assets, being depreciated:			
Leasehold improvements	\$2,432,565		\$3,757,364
Equipment	<u>1,394,552</u>	<u>\$1,324,799</u>	<u>1,394,552</u>
Total capital assets being depreciated	\$3,827,117	\$1,324,799	\$5,151,916
Less accumulated depreciation for:			
Leasehold improvements	\$226,341	\$121,638	\$347,979
Equipment	<u>689,806</u>	<u>129,557</u>	<u>819,363</u>
Total accumulated depreciation	\$916,147	\$251,195	\$1,167,342
Total capital assets net	<u><u>\$2,910,970</u></u>	<u><u>\$1,073,604</u></u>	<u><u>\$3,984,574</u></u>

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

5. LONG-TERM LEASES

The school leases its premises under the terms of non-cancelable leases. Rent expense for the year ended June 30, 2016 amounted to \$3,761,830. Future obligations over the primary terms of the long-term leases are as follows:

Fiscal Year Ended	Amount
2017	2,236,937
2018	2,489,251
2019	3,240,202
2020	3,150,520

6 PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for the Charter Schools are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Charter School (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was measured on June 30, 2015 was \$89,255,550 and \$52,875,441 as measured on June 30, 2014.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$5,449,855 and revenue of \$5,449,855 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.

In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the TEAM Academy Charter School is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the TEAM Academy Charter School. Accordingly, the TEAM Academy Charter School proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the TEAM Academy Charter School for TPAF. Therefore; in addition, the TEAM Academy Charter School does not recognize any portion of the TPAF.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$2,306,623,861	\$7,521,378,257
Collective deferred inflows of resources	\$1,763,205,593	\$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	\$53,446,745,367	\$63,204,270,305
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.098931%	.141280%

Actuarial assumptions - The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreing-Developed Equity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate - The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit pay.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. Since the Charter School has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2016, the Charter School a liability of \$23,224,030 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. The Charter School's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Charter School's proportion was .10346%, which was an increase of .02232% from its proportion measured as of June 30, 2014.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

For the year ended June 30, 2016, the Charter School recognized pension expense of \$0. At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Changes of assumptions	2,494,075	\$---
Net difference between projected and actual earnings on pension plan investments	554,044	373,398
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	5,539,881	
Charter School contributions subsequent to the measurement date.	889,453	---
Total	\$9,477,453	\$373,398

The \$889,453 reported as deferred outflows of resources related to pensions resulting from the Charter School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2016	891,304
2017	891,304
2018	891,304
2019	1,337,941
2020	756,171
Thereafter	---
Total:	\$4,768,024

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

	6/30/14	6/30/15
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	\$1,479,224,662	\$993,410,455
Collective net pension liability (Non State- Local Group)	\$18,722,735,003	\$22,447,996,119
Charter schools proportion of net pension liability	15,191,094	23,244,030
Charter School proportion percentage	.081137%	.103470%

Actuarial assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases:	
2012-2012	2.12%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate. The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's proportionate share of the net pension liability to changes in the discount rate. The following presents the Charter School's proportionate share of the net pension liability measured as of June 30, 2015 and 2014, calculated using the discount rate of 4.9% and 5.39%, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Charter School's proportionate share of the net pension liability	\$28,864,630	\$23,224,030	\$18,495,617

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

The sensitivity analysis was based on the proportionate share of the Charter School's net pension liability at June 30, 2015. A sensitivity analysis specific to the Charter School's net pension liability was not provided by the pension system.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.38, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43: 15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

6 PENSION PLANS (continued)

TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute \$2,846,299 to the TPAF for post-retirement benefits on behalf of the Charter School. Also, in accordance with NJ.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$1,354,381 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the Charter School's financial statements in accordance with GASB Statement No. 68.

7 POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the 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.

As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 P.L. 1992, c.126 which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2014.

8 COMPENSATED ABSENCES

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASBS 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

8 COMPENSATED ABSENCES (continued)

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years.

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2016, Charter School-wide compensated absences amounted to \$-0-.

9 DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan permits participants to defer a portion of their salaries until future years.

10 ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

11 CONTINGENT LIABILITIES

The 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 Charter School may be required to reimburse the grantor government.

As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the 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 Charter School.

The 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 Charter School and which might materially affect the Charter School's financial position.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

12 RISK MANAGEMENT

The 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.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

13 RECEIVABLES

Receivables as of June 30, 2016 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$1,491,759</u>	<u>\$1,482,125</u>	<u>\$437,185</u>	<u>\$3,412,069</u>
Gross Receivables	<u>\$1,491,759</u>	<u>\$1,482,125</u>	<u>\$437,185</u>	<u>\$3,412,069</u>

14. RELATED PARTIES

The following entities provide support and have a common organizational mission to support the school:

- a) **The Friends of TEAM Schools, Inc.** (FOT) is a New Jersey nonprofit corporation organized to provide support services to the school.
- b) **The Kingston Education Holdings, Inc.** (Kingston) is a New Jersey nonprofit corporation organized exclusively to provide support services to the school.
- c) **NCA Facility, Inc.** (NCA) is a New Jersey nonprofit corporation organized to provide support services to the school.
- d) **Ashland School, Inc.** (Ashland) is a New Jersey nonprofit corporation organized to provide support services to the school.
- e) **PinkHulaHoop1, LLC** (PHH LLC) is a New Jersey limited liability company organized to acquire, own, renovate, maintain, operate and lease real property to the school.
- f) **KIPP: Cooper Norcross** (KCN) is a New Jersey nonprofit corporation organized to operate a renaissance school in the City of Camden.
- g) **KIPP NJ** (KNJ) is a New Jersey nonprofit corporation organized to provide supportive services to nonprofit schools in NJ.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

15. SCHOOL MANAGEMENT AGREEMENTS

In July 2014 the school entered into a school management agreement with KIPP NJ to provide comprehensive operational, administrative and management services. The terms of the agreement are as follows:

Initial Term	Optional Renewal Term	Quarterly Fee
1 Year	2 Years	\$3,440,422

The quarterly fees are based upon an initial budget of operating expenses associated with providing the services as described in the management agreement. Since actual operating expenses may differ from budgeted amounts, KIPP NJ prepares a final reconciliation of operating expenses incurred. If actual expenses were less than budgeted expenses, KIPP NJ shall remit payment to the school an amount equal to the difference between the actual and projected expenses. If actual expenses exceed the budgeted expenses, KIPP NJ is generally entitled to receive a payment equal to the difference between the actual and projected expenses.

During fiscal year 2016 TEAM Academy Charter School incurred management fees to KIPP NJ in the amount of \$13,761,686.

Based on the final reconciliation of actual operating expenses incurred for fiscal year 2016, KIPP NJ owes TEAM Academy Charter School \$809,394 which is included in receivables in the accompanying financial statements.

This agreement will renew upon three months written notice of each party's intention to renew the agreement. In the absence of such written notice, the agreement noted above will expire at the end of their initial term.

16. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring in the Independent Auditors Report of October 20, 2016, 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.

TEAM ACADEMY CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

17. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1	\$9,598,933
Cost of capital assets net accumulated depreciation	3,984,574
Pension deferred outflows	9,477,453
Pension deferred inflows	(373,398)
Deferred pension liability as of June 30, 2016	(23,224,030)
Net position (per A-1) as of June 30, 2016	<u><u>(\$536,468)</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TEAM ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Share	\$ 7,593,137	\$ 1,114,203	\$ 8,707,340	\$ 7,346,040	1,361,300
State Share	50,480,118	(2,702,080)	47,778,038	45,635,311	2,142,727
Other Restricted Miscellaneous Revenues	-	-	0	-	-
Miscellaneous	692,283	(169,304)	522,979	663,448	(140,469)
Total - Local Sources	<u>58,765,538</u>	<u>(1,757,181)</u>	<u>57,008,357</u>	<u>53,644,799</u>	<u>3,363,558</u>
Extraordinary Aid	171,355	6,593	177,948	171,335	6,613
Special Education Aid	-	-	-	-	-
Security Aid	-	-	-	1,547,049	(1,262,276)
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	1,299,250	(1,299,250)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,354,381	(1,354,381)
Total State Sources	<u>171,355</u>	<u>6,593</u>	<u>177,948</u>	<u>4,372,015</u>	<u>(3,909,294)</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
Total Revenues	<u>58,936,893</u>	<u>(1,750,588)</u>	<u>57,186,305</u>	<u>58,016,814</u>	<u>(830,509)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	\$ 16,699,480	-	16,699,480	15,432,191	1,267,289
Other Salaries	1,146,082	230,224	1,376,306	1,254,302	122,004
Prof/Tech Services	-	11,680	11,680	7,984	3,696
General Supplies	1,973,961	398,351	2,372,312	2,220,987	151,325
Textbooks	290,078	95,030	385,108	332,586	52,522
Other Objects	1,775,287	(897,924)	877,363	582,413	294,950
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>21,884,888</u>	<u>(162,639)</u>	<u>21,722,249</u>	<u>19,830,463</u>	<u>1,891,786</u>

TEAM ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	3,527,759	(32,000)	3,495,759	3,026,181	469,578
Salaries of Secretarial and Clerical Assistants	501,850	27,604	529,454	521,046	8,408
Cost of Benefits	6,797,042	-	6,797,042	4,330,321	2,466,721
Other Purchased Services	-	-	-	-	-
Purchased Professional and Technical Services	14,675,580	128,695	14,804,275	13,986,019	818,256
Communications/Telephone	20,000	(4,000)	16,000	807	15,193
Supplies and Materials	148,850	(4,742)	144,108	130,010	14,098
Other Objects	699,148	(191,379)	507,769	507,604	165
	<u>26,370,229</u>	<u>(75,822)</u>	<u>26,294,407</u>	<u>22,501,988</u>	<u>3,792,419</u>
Support Services - School Admin/Operation Plant Services					
Salaries	3,559,239	(503,000)	3,056,239	2,889,001	167,238
Purchased Professional and Technical Services	1,240,580	(1,336)	1,239,244	1,220,004	19,240
Other Purchased Services	537,000	152,157	689,157	623,724	65,433
Rental of Land and Building- other than Lease Purchase Agreements	5,208,773	300,000	5,508,773	5,508,245	528
Insurance	227,923	4,132	232,055	231,450	605
General Supplies	150,400	82,526	232,926	201,306	31,620
Transportation	1,521,000	(1,521,000)	-	-	-
Energy (Energy and Electricity)	665,135	-	665,135	626,078	39,057
Other Objects	166,550	244,331	410,881	150,687	260,194
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>13,276,600</u>	<u>(1,242,190)</u>	<u>12,034,410</u>	<u>11,450,495</u>	<u>583,915</u>
Food Service					
Board Subsidy		242,216	242,216	242,216	0
Other Purchased Services		-	-	-	-
Total Food Services		<u>242,216</u>	<u>242,216</u>	<u>242,216</u>	<u>0</u>
On-behalf TPAF pension and medical Contributions (non-budgeted)				2,846,299	(2,846,299)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,354,381	(1,354,381)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>		<u>-</u>	<u>4,200,680</u>	<u>(4,200,680)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>39,646,829</u>	<u>(1,075,796)</u>	<u>38,571,033</u>	<u>38,395,379</u>	<u>175,654</u>
TOTAL GENERAL CURRENT EXPENSE	<u>61,531,717</u>	<u>(1,238,435)</u>	<u>60,293,282</u>	<u>58,225,842</u>	<u>2,067,440</u>

TEAM ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	632,655	(51,962)	580,693	440,505	140,188
Non-Instructional Equipment	665,253	(460,191)	205,062	158,093	46,969
Miscellaneous		-	-	-	-
Total Equipment	<u>1,297,908</u>	<u>(512,153)</u>	<u>785,755</u>	<u>598,598</u>	<u>187,157</u>
TOTAL EXPENDITURES- GENERAL FUND	62,829,625	(1,750,588)	61,079,037	58,824,440	2,254,597
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,892,732)</u>	-	<u>(3,892,732)</u>	<u>(807,626)</u>	<u>(3,085,106)</u>
				-	
Other Financing Sources:					
Operating Transfer In:	3,892,732	-	3,892,732	-	3,892,732
Total Other Financing Sources:	<u>3,892,732</u>	<u>-</u>	<u>3,892,732</u>	<u>-</u>	<u>3,892,732</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-		-	(807,626)	807,626
Fund Balance, July 1, 2015	-	-	10,406,559	10,406,559	
Fund Balance, June 30, 2016	<u>\$ -</u>	<u>#VALUE!</u>	<u>\$ 10,406,559</u>	<u>\$ 9,598,933</u>	<u>\$ 807,626</u>

TEAM ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 3,676,040		\$ 3,676,040	\$ 3,676,040	
State Sources	51,962		51,962	51,962	
Federal Sources	2,840,738		2,840,738	2,840,738	
Total Revenues	<u>6,568,740</u>		<u>6,568,740</u>	<u>6,568,740</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,565,612		1,565,612	1,565,612	
Other Salaries for Instruction	134,619		134,619	134,619	
Purchased Professional Services	61,500		61,500	61,500	
Purchased Professional and Technical Services	259,360		259,360	259,360	
Travel			-	-	
Transportation	1,265,364		1,265,364	1,265,364	
General Supplies	-		-	-	
Personal Services- Employee Benefits	453,490		453,490	453,490	
Textbooks	790,951		790,951	790,951	
Miscellaneous expense	714,913		714,913	714,913	
Total Instruction	<u>5,245,809</u>		<u>5,245,809</u>	<u>5,245,809</u>	
Support Services					
Salaries of Supervisor of Instruction	313,800		313,800	313,800	
Salaries of Social Worker	629,021		629,021	629,021	
Salaries of Clerical	-		-	-	
Salaries of Secretaries & Clerical Assistants	-		-	-	
Purchased Prof and Tech Service	29,290		29,290	29,290	
Personal Services - Employee Benefits	-		-	-	
Professional Development	-		-	-	
Supplies and Materials	16,212		16,212	16,212	
Personal services-Benefits	-		-	-	
Other Purchased Services	18,750		18,750	18,750	
Professional Prof and Tech Services Support	-		-	-	
Miscellaneous Expenses	315,858		-	-	
Total Support Services	<u>1,322,931</u>		<u>1,322,931</u>	<u>1,322,931</u>	

TEAM ACADEMY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	<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					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	6,568,740		6,568,740	6,568,740	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**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, 2016
(Unaudited)

**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

**TEAM ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30***

Public Employees' Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)	.103740	.066001	0.081137
Charter School Proportionate share of the net pension liability (asset)	<u>23,244,030</u>	<u>12,614,000</u>	<u>15,191,094</u>
Charter School Covered employee payroll	3,283,230	5,174,516	6,573,716
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	708%	244%	231%
Plan fiduciary net position as a percentage of the total pension liability	14.13%	41.02%	43.27%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**TEAM ACADEMY CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30***

Public Employees' Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$889,453	\$497,300	\$668,883
Contributions in relation to the contractually required contribution	<u>(889,453)</u>	<u>(497,300)</u>	<u>(668,883)</u>
Contribution deficiency (excess)	\$0	\$0	\$0
Charter School Covered employee payroll	3,283,230	5,174,516	6,573,716
Contributions as a percentage of covered employee payroll	27.1%	9.60%	10.20%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**TEAM ACADEMY CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30**

Teachers' Pension and Annuity Fund (TPAF)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	\$89,255,550	\$47,050,313	\$52,875,441
Total	<u>\$89,255,550</u>	<u>\$47,050,313</u>	<u>\$52,875,441</u>
Charter School Covered employee payroll	\$18,484,922	\$12,022,491	\$15,247,271
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.7%	25.5%	28.8%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the charter school (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the charter school.

**TEAM ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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, 2016

	TOTAL	NCLB 2016 TITLE I	NCLB 2016 TITLE II	TITLE VI IDEA	CSP LIFE	COHEN FAMILY FOUNDATION	KIPP Grant Bold	KIPP NJ	KIPP STUDENT WELLNESS	TOTAL Exhibit E-1, Pg. 2
REVENUES										
Intergovernmental										
State	0									
Federal	2,840,738	2,161,230	16,053	633,848						29,607
Other Sources										2,823,110
Miscellaneous	3,676,040				225,277	93,360	221,520	298,235	66,500	2,771,148
Total Revenues	6,516,778	2,161,230	16,053	633,848	225,277	93,360	221,520	298,235	66,500	5,623,865
EXPENDITURES										
Instruction										
Salaries	1,565,612	1,403,232		42,031	29,844		55,898		5,000	29,607
KCNJ SUPPORT SALARIES	134,619						1,286			133,333
Teaching Fellow Salaries	0		0							
Other Salaries	0	0								
Transportation	0									
Instructional Field Lesson	0									
Purchased Prof. and Tech. Services	61,500								61,500	
General Supplies	259,360				32,247	83,962	91,189		0	51,962
Technology Software	0									
Classroom furniture	0									
Paraprofessional Salaries	0			0						
Library Materials	0									
Textbooks	790,951				87,434	9,398	19,878			674,241
Personal Services - Employee Benefits	453,490	445,968						7,522		0
Miscellaneous Expense	714,913		16,053					650		698,210
Total Instruction	3,980,445	1,849,200	16,053	42,031	149,525	93,360	168,251	8,172	66,500	1,587,353
Support Services	0									
Salaries of Supervisors of Instruction	313,800	312,030		1,770						
Salaries of Social Worker	0									
Paraprofessional salaries	629,021			590,047	10,474		28,500			
Salaries Clerical	0									
Other Purchased Services	29,290				29,290					
Other Admin Services	0									
CAMPUS operations	0									
Community Engagement	0									
Shared Services	0									
KNJ Shared Support Service	0									
Supplies and Materials	16,212				9,238		6,974			
Professional development	0									
Kipp Licensing	0									
Purchased Prof. and Tech. Services	18,750				18,750					0
Human Assets	0									0
Recruitment Salaries	0									
School Transportion	1,265,364									1,265,364
Furniture and Fixtures	0				0					0
Staff Recognition	0									0
Intern Salaries	0			0						0
Miscellanoeous Expenses	315,858				8,000		17,795	290,063	0	0
Support Salaries	0	0	0	0						0
Total Support Services	2,588,295	312,030	0	591,817	75,752	0	53,269	290,063	0	1,265,364
TOTAL EXPENDITURES	6,568,740	2,161,230	16,053	633,848	225,277	93,360	221,520	298,235	66,500	2,852,717

TEAM ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Year Ended June 30, 2016

	TOTAL	Race to the Top	STATE OF NJ	ROCK/ REMBE FOUNDATION	FOT NEW SCHOOL VENTURES	KINGSTON EDUCATION HOLDINGS	WALTON FAMILY FOUNDATION
REVENUES							
Intergovernmental							
State							
Federal	29,607	29,607					
Other Sources							
Miscellaneous	2,823,110		51,962	75,000	1,963,574	674,241	58,333
Total Revenues	<u>2,852,717</u>	<u>29,607</u>	<u>51,962</u>	<u>75,000</u>	<u>1,963,574</u>	<u>674,241</u>	<u>58,333</u>
EXPENDITURES							
Instruction							
Salaries	29,607	29,607			0		
Other Salaries	133,333			75,000			58,333
Transportation	0						
Instructional field Lesson	0						
Purchased Prof. and Tech. Services	0						
Technology Software	0						
Classroom Furniture	0						
General Supplies	51,962		51,962			0	
Textbooks	674,241					674,241	
Personal Services - Employee Benefits	0				0		
Miscellaneous Expenses	698,210		0		698,210		
Total Instruction	<u>1,587,353</u>	<u>29,607</u>	<u>51,962</u>	<u>75,000</u>	<u>698,210</u>	<u>674,241</u>	<u>58,333</u>
Support Services							
Salaries of Supervisors of Instruction	0				0		
Salaries of Social Worker	0						
Salaries of Clerical	0						
Other Purchased Services	0						
Other Admin Expenses	0						
Professional Development	0						
Kipp Licensing	0						
Community Engagement	0						
Family programming	0						
Supplies and Materials	0						
Scholarships	0						
Purchased Prof. and Tech. Services	0						
School Transportation	1,265,364				1,265,364		
Furniture and Fixtures	0		0				
Support Purch Prof	0				0		
Miscellaneous Expenses	0						
Support Salaries	0						
Total Support Services	<u>1,265,364</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,265,364</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u><u>2,852,717</u></u>	<u><u>29,607</u></u>	<u><u>51,962</u></u>	<u><u>75,000</u></u>	<u><u>1,963,574</u></u>	<u><u>674,241</u></u>	<u><u>58,333</u></u>

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 Position
For the Fiscal Year Ended June 30, 2016

	Business- Type Activities
	Enterprise Fund
	Food Services
ASSETS	
Current Assets	
Cash	\$ (203,356)
Intergovernmental Receivable	
Federal	433,103
State	4,582
Accounts Receivable	
Inventory	
Total Current Assets	\$ 234,329
Equipment	
Accumulated Depreciation	
Fixed Assets (Net of Accumulated Depreciation)	
Total Assets	\$ 234,329
LIABILITIES	
Current Liabilities	
Cash Overdraft	
Accounts Payable	234,329
Total Current Liabilities	234,329
Net Position	
Unrestricted	0
Invested in capital assets net of related debt	
Total Net Position	\$ -

Exhibit G-2

TEAM ACADEMY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities
	Enterprise Fund Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$ 435,614
Special Functions	
Total Operating Revenues	435,614
OPERATING EXPENSES	
Salaries, wages and employee benefits	
Supplies, Materials & Other	2,795,185
Professional Fee	
Depreciation	
Cost of Sales	
Total Operating Expenses	2,795,185
Income (Loss) From Operations	2,359,571
Nonoperating Revenues	
State Sources	
State Sources	23,071
Federal Sources	
School Breakfast Program	537,660
National School Lunch Program	1,218,155
After School Snack	338,469
Board Subsidy	242,216
Total Nonoperating Revenues	2,359,571
Net Income (Loss)	0
Total Net Position - Beginning of Year	0
Total Net Position - End of Year	\$ -

TEAM ACADEMY CHARTER SCHOOL
Statements of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Board Contributions	\$242,219
Cash Received from Customers	435,612
Cash Payments to Suppliers for Goods and Services	(2,791,166)
Net Cash (Used) by Operating Activities	<u>(2,113,335)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	
Cash Received from State and Federal Subsidy Reimbursements	1,752,844
Net Cash Provided by Noncapital Financing Activities	<u>1,752,844</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(360,491)
Cash and Cash Equivalents, Beginning of Year	157,135
Cash and Cash Equivalents, End of Year	<u>(\$203,356)</u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	<u>\$0</u>
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Decrease in Accounts Receivable	(364,510)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	4,019
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>(360,491)</u>
 Net Cash Used by Operating Activities	<u>(\$360,491)</u>

FIDUCIARY FUNDS

TEAM ACADEMY CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Agency Fund Net Position
As of June 30, 2016

	<u>Payroll</u> <u>Agency</u>	<u>Payroll</u> <u>Account</u>	<u>Flex</u> <u>Spending</u>	<u>TOTAL</u>
ASSETS				
Cash	\$235,927	\$2,022	\$76,367	\$314,316
Total Assets	<u>\$235,927</u>	<u>\$2,022</u>	<u>\$76,367</u>	<u>\$314,316</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Intergovernmental Payble - State				
Payroll Deductions and Withholdings	235,927		76,367	312,294
Accrued Salaries and Wages		2,022		2,022
Due to Student Groups				
Total Liabilities	<u>235,927</u>	<u>2,022</u>	<u>76,367</u>	<u>314,316</u>
Net Position				
Held in Trust for Unemployment Claims				0
Total Net Position Balances				<u>0</u>
Total Liabilities and Net Position Balances	<u>\$235,927</u>	<u>\$2,022</u>	<u>\$76,367</u>	<u>\$314,316</u>

Exhibit H-2

**TEAM ACADEMY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2016**

NOT APPLICABLE

Exhibit H-3

**TEAM ACADEMY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

Exhibit H-5

**TEAM ACADEMY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016**

NOT APPLICABLE

FINANCIAL TRENDS

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255
Restricted						
Unrestricted	(4,521,042)	(2,099,558)	(3,267,315)	6,931,537	4,248,784	2,355,554
Total governmental activities net position	<u>\$ (536,468)</u>	<u>\$ 811,412</u>	<u>\$ (1,007,950)</u>	<u>\$ 9,159,659</u>	<u>\$ 5,794,997</u>	<u>\$ 3,225,809</u>
Business-type activities						
Invested in capital assets, net of related debt						
Restricted						
Unrestricted						
Total business-type activities net position						
School-wide						
Invested in capital assets, net of related debt	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255
Restricted			*			
Unrestricted	(4,521,042)	(2,099,558)	(3,267,315)	6,931,537	4,248,784	2,355,554
Total school net position	<u>\$ (536,468)</u>	<u>\$ 811,412</u>	<u>\$ (1,007,950)</u>	<u>\$ 9,159,659</u>	<u>\$ 5,794,997</u>	<u>\$ 3,225,809</u>

*As restated

Source: School Financial Statements

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses						
Governmental activities						
Instruction						
Regular	\$23,810,908	\$23,159,756	\$19,613,079	\$14,787,627	\$12,636,140	\$10,809,131
Support Services:						
General administration	25,090,283	19,244,447	15,041,641	11,512,696	8,491,199	7,406,276
School Administrative Services	11,692,711	9,309,491	8,009,883	6,758,013	5,192,475	4,646,565
On-behalf TPAF Social Security	4,200,680	3,232,391	2,219,464	2,214,444	1,346,536	681,572
Capital outlay	598,598	1,059,471	208,709	694,347	767,942	409,340
Unallocated depreciation	-	189,294	177,466	152,892	91,984	70,280
Total governmental activities expenses	<u>65,393,180</u>	<u>56,194,850</u>	<u>45,270,242</u>	<u>36,120,019</u>	<u>28,526,276</u>	<u>24,023,164</u>
Business-type activities:						
Food service	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554
Child Care	-	-	-	-	-	-
Total business-type activities expense	<u>2,795,185</u>	<u>2,416,922</u>	<u>1,611,326</u>	<u>1,241,906</u>	<u>1,055,713</u>	<u>927,554</u>
Total school expenses	<u>\$68,188,365</u>	<u>\$58,611,772</u>	<u>\$46,881,568</u>	<u>\$37,361,925</u>	<u>\$29,581,989</u>	<u>\$24,950,718</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$0	\$0	\$0	\$0	\$0	\$0
Pupil transportation	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-
Operating grants and contributions	6,568,740	6,050,145	6,172,992	4,759,221	3,875,353	3,817,944
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	<u>6,568,740</u>	<u>6,050,145</u>	<u>6,172,992</u>	<u>4,759,221</u>	<u>3,875,353</u>	<u>3,817,944</u>
Business-type activities:						
Charges for services						
Food service	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554
Child care	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	<u>2,795,185</u>	<u>2,416,922</u>	<u>1,611,326</u>	<u>1,241,906</u>	<u>1,055,713</u>	<u>927,554</u>
Total school program revenues	<u>\$9,363,925</u>	<u>\$8,467,067</u>	<u>\$7,784,318</u>	<u>\$6,001,127</u>	<u>\$4,931,066</u>	<u>\$4,745,498</u>
Net (Expense)/Revenue						
Governmental activities	(\$58,824,440)	(\$50,144,705)	(\$39,097,250)	(\$31,360,798)	(\$24,650,923)	(\$20,205,220)
Business-type activities	-	-	-	-	-	-
Total school-wide net expense	<u>(\$58,824,440)</u>	<u>(\$50,144,705)</u>	<u>(\$39,097,250)</u>	<u>(\$31,360,798)</u>	<u>(\$24,650,923)</u>	<u>(\$20,205,220)</u>

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

General Revenues and Other Changes in Net Assets

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:						
Local share	\$7,346,040	\$6,353,278	\$5,056,561	\$3,788,611	\$3,010,932	\$2,536,038
State Share	45,635,311	37,333,445	30,941,376	23,916,723	20,931,755	15,485,572
State aid	4,372,015	6,273,559	4,667,126	4,363,928	1,714,855	2,102,735
Miscellaneous income	663,448	1,166,554	558,318	1,821,397	794,627	831,251
Increase in Net Capital Outlay	-	840,899	208,709	834,801	767,942	513,801
Investment earnings						
Miscellaneous income						
Transfers						
Total governmental activities	<u>58,016,814</u>	<u>51,967,735</u>	<u>41,432,090</u>	<u>34,725,460</u>	<u>27,220,111</u>	<u>21,469,397</u>
Business-type activities:						
Investment earnings						
Transfers						
Total business-type activities						
Total school-wide	<u>\$58,016,814</u>	<u>\$51,967,735</u>	<u>\$41,432,090</u>	<u>\$34,725,460</u>	<u>\$27,220,111</u>	<u>\$21,469,397</u>
Change in Net Position						
Governmental activities	(\$807,626)	\$1,823,030	\$2,334,840	\$3,364,662	\$2,569,188	\$1,264,177
Business-type activities						
Total school	<u>(\$807,626)</u>	<u>\$1,823,030</u>	<u>\$2,334,840</u>	<u>\$3,364,662</u>	<u>\$2,569,188</u>	<u>\$1,264,177</u>

Source: School Financial Statements

TEAM ACADEMY CHARTER SCHOOL
Combined Balance Sheet
Governmental Funds
As of June 30, 2016
(Unaudited)

	General Fund	Special Revenue Fund	Enterprise Food Service Fund	Payroll and Payroll Agency Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,132,691	\$ (1,262,619)	\$ (203,356)	\$ 314,317	\$ 9,981,033
Investments					
Receivables, net	1,419,759	1,482,625	437,685	1,116	3,341,185
Security Deposit	12,032				12,032
Restricted cash and cash equivalents					
Total assets	<u>\$ 12,564,482</u>	<u>\$ 220,006</u>	<u>\$ 234,329</u>	<u>\$ 315,433</u>	<u>\$ 13,334,250</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft		-			
Accrued expense	-		-		
Accounts payable	2,447,248	213,366	234,329		2,894,943
Due to School District	590,301				590,301
Payroll and pension withholdings payable				315,432	315,432
Payable to federal government		-			
Payable to state government					
Deferred revenue	-	6,640			6,640
Total liabilities	<u>3,037,549</u>	<u>220,006</u>	<u>234,329</u>	<u>315,432</u>	<u>3,807,316</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	9,598,933				9,598,933
Capital projects fund	-				-
Permanent fund					
Total Fund balances	<u>9,598,933</u>				<u>9,598,933</u>
Total liabilities and fund balances	<u>\$ 12,636,482</u>	<u>\$ 220,006</u>	<u>\$ 234,329</u>	<u>\$ 315,432</u>	<u>\$ 13,406,249</u>

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

TEAM ACADEMY CHARTER SCHOOL
Combined Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016
Unaudited

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund Food Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local share	\$ 7,346,040			\$ 7,346,040
State Share	45,635,311		23,071	45,658,382
Board Subsidy			242,219	242,219
Miscellaneous	663,448	3,676,040	435,612	4,775,100
Total - Local Sources	<u>53,644,799</u>	<u>3,676,040</u>	<u>700,902</u>	<u>58,021,741</u>
State sources	4,372,015	51,962		4,423,977
Federal sources		2,840,738	2,094,283	4,935,021
Total revenues	<u>58,016,814</u>	<u>6,568,740</u>	<u>2,795,185</u>	<u>67,380,739</u>
EXPENDITURES				
Current:				
Regular instruction	\$ 19,830,463	\$ 3,980,445		\$ 23,810,908
Support services- General Administrative	22,501,988	2,588,295		25,090,283
Support Services- School Admin/ operations plant serv	11,692,711		2,795,185	14,487,896
On-behalf TPAF Social Security and Pension	4,200,680			4,200,680
Capital outlay	598,598			598,598
Other Disbursements				-
Total expenditures	<u>58,824,440</u>	<u>6,568,740</u>	<u>2,795,185</u>	<u>68,188,365</u>
Excess (Deficiency) of revenues over expenditures	<u>(807,626)</u>	<u>-</u>	<u>-</u>	<u>(807,626)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-			
Transfers out	-			
Total other financing sources and uses	<u>---</u>			
SPECIAL ITEM				
Net change in fund balances				
Fund balance—July 1, 2015	10,406,559			10,406,559
Fund balance—June 30, 2016	<u>\$ 9,598,933</u>			<u>\$ 9,598,933</u>

Source: School Financial Statements

TEAM ACADEMY CHARTER SCHOOL
STATEMENT OF CASH FLOW
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	General Fund	Special Revenue Fund	Enterprise Fund Food Service	Payroll and Payroll Agency	Total Governmental Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Decrease in Fund Balance	\$ 869,584	--	\$ -	\$ -	\$ 869,584
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities					
Depreciation	---	---	---	---	---
(Increase) Decrease in Current Assets					
Accounts Receivable	431,838	(232,380)	80,012	(962,672)	279,470
Increase (Decrease) in Current Liabilities					-
Accounts Payable	(356,692)	(103,682)	121,994	615,910	277,530
Deferred Revenue	-	41,731	-	-	41,731
Due to / From Acct	1,080,318	-	-	-	1,080,318
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,025,048</u>	<u>\$ (294,331)</u>	<u>\$ 202,006</u>	<u>\$ (346,762)</u>	<u>\$ 2,548,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
NET CASH USED BY INVESTING ACTIVITIES	<u>--</u>	<u>--</u>	<u>(16,751,364)</u>	<u>\$ 334,158</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>\$ 2,025,048</u>	<u>\$ (294,331)</u>	<u>\$ (16,549,358)</u>	<u>\$ (12,604)</u>	<u>\$ (14,831,245)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>560,855</u>	<u>(10,484)</u>	<u>17,470,640</u>	<u>320,842</u>	<u>18,341,853</u>
CASH AND CASH EQUIVALENTS - ENDING OF YEAR	<u>\$ 2,585,903</u>	<u>\$ (304,815)</u>	<u>\$ 921,282</u>	<u>\$ 308,238</u>	<u>\$ 3,510,608</u>

Source: School Financial Statements

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund						
Reserved						
Unreserved	\$9,598,933	\$10,406,559	\$9,235,134	\$6,931,537	\$4,248,784	\$2,355,554
Total General Fund	<u>\$9,598,933</u>	<u>\$10,406,559</u>	<u>\$9,235,134</u>	<u>\$6,931,537</u>	<u>\$4,248,784</u>	<u>\$2,355,554</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>

Source: School Financial Statements

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues						
Local tax Levy	\$ 7,346,040	\$ 6,353,278	\$ 5,056,561	\$ 3,788,611	\$ 3,010,932	\$ 2,536,038
Other local revenue	5,017,319	4,503,993	3,967,003	4,231,938	2,803,425	2,862,853
State sources	50,082,359	43,607,004	35,608,502	28,280,651	22,646,610	17,588,307
Federal sources	4,935,021	2,712,706	2,764,307	2,349,180	1,866,545	1,786,342
Total revenue	<u>67,380,739</u>	<u>57,176,981</u>	<u>47,396,373</u>	<u>38,650,380</u>	<u>30,327,512</u>	<u>24,773,540</u>
Expenditures						
Instruction						
Regular Instruction	19,830,463	18,490,217	16,382,898	12,423,354	10,197,999	8,596,106
Support Services:						
General administration	22,501,988	17,863,841	12,098,830	9,117,748	7,053,987	5,801,357
School administrative services/Plant	11,692,711	9,309,491	8,009,883	6,758,013	5,192,475	4,646,565
TPAF Social Security and Pension	4,200,680	3,232,391	2,219,464	2,214,444	1,346,536	681,572
Food Service	2,795,185					
Capital outlay	598,598	1,059,471	208,709	694,347	767,942	409,340
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Special Revenue	6,568,740	6,050,145	6,172,992	4,759,721	3,875,343	3,817,944
Total expenditures	<u>68,188,365</u>	<u>56,005,556</u>	<u>45,092,776</u>	<u>35,967,627</u>	<u>28,434,282</u>	<u>23,952,884</u>
Excess (Deficiency) of revenues over (under) expenditures	(807,626)	1,171,425	2,303,597	2,682,753	1,893,230	820,656
Other Financing sources (uses)						
Proceeds from borrowing	-	-	-	-	-	-
Capital leases (non-budgeted)	-	-	-	-	-	-
Proceeds from refunding	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (807,626)</u>	<u>\$ 1,171,425</u>	<u>\$ 2,303,597</u>	<u>\$ 2,682,753</u>	<u>\$ 1,893,230</u>	<u>\$ 820,656</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School Financial Statements

REVENUE CAPACITY

TEAM ACADEMY CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Years Ended June 30
(Unaudited)

	<u>Private Grant</u>	<u>E-Rate</u>	<u>Other Local</u>	<u>Totals</u>
2011			831,251	831,251
2012			794,627	794,627
2013	55,635	1,427,459	338,531	1,821,625
2014	249,507	80,161	228,650	558,318
2015	417,126	452,349	299,329	1,168,804
2016			663,448	663,448

Source: School Financial Statements

Exhibit J-6

**TEAM ACADEMY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

Exhibit J-7

**TEAM ACADEMY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

Exhibit J-8

**TEAM ACADEMY CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**TEAM ACADEMY CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

Exhibit J-10

**TEAM ACADEMY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

Exhibit J-11

**TEAM ACADEMY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

Exhibit J-12

**TEAM ACADEMY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**TEAM ACADEMY CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

**TEAM ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**TEAM ACADEMY CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

TEAM ACADEMY CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction						
Regular	273	239	193	181	126	116
Special education	30	32	30	24	16	15
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services	39	39	38	40	27	24
General administration						
School administrative services	36	36	76	78	76	54
Other administrative services						
Central services						
Administrative Information Technology						
Plant operations and maintenance						
Pupil transportation						
Other support services						
Special Schools						
Food Service						
Child Care						
Total	<u>378</u>	<u>346</u>	<u>337</u>	<u>323</u>	<u>245</u>	<u>209</u>

Source: School Personnel Records

TEAM ACADEMY CHARTER SCHOOL
Operating Statistics
For the Fiscal Years Ended June 30
(Unaudited)

Pupil/Teacher Staff Ratio

Fiscal Year	Enroll	Operating Expenditures	Cost Per Pupil	Percent Change	Teaching Staff	Element.	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2013	1,767	35,967,127	20,355	5.70%	205	75	73	57	1,783	1,681	20.31%	94.28%
2014	2,203	45,092,776	20,469	0.56%	223	93	73	57	2,203	2,073	23.56%	94.10%
2015	2,807	58,422,478	20,813	1.68%	239	109	73	57	2,807	2,641	27.42%	94.10%
2016	3,249	68,027,990	20,938	0.60%	273	119	80	74	3,249	3,054	15.75%	94.00%

Sources: School records

TEAM ACADEMY CHARTER SCHOOL
School Building Information
For the Fiscal Years Ended June 30

<u>School Building</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
School						
Square Feet	535,348	415,348	307,348	260,348	227,386	116,848
Capacity (students)	3,890	3,390	2,390	2,390	2,280	1,515
Enrollment	3,249	2,807	2,203	1,767	1,476	1,262

Source: School Central Office, Facilities and Enrollment Department

Exhibit J-19

**TEAM ACADEMY CHARTER SCHOOL
General Fund - Schedule of Required Maintenance By School Facility
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

NOT APPLICABLE

TEAM ACADEMY CHARTER SCHOOL
Insurance Schedule
For the Year Ended June 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property	\$ 74,900,615	\$1,000
Boiler and Machinery	100,000,000	1,000
General Automobile Liability	16,000,000	1,000
School Board Legal Liability	16,000,000	10,000
Umbrella	16,000,000	0
Workers' Compensation	Statutory	0
Surety Bonds		
Steven Small, Secretary, BA	\$252,540	\$1,000
Terry Brown, Assistant BA	\$252,540	\$1,000
School Board Legal Liability	16,000,000	\$10,000

Source: Charter School Records

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

**TEAM ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30**

Unaudited

**Charter School Performance Framework Financial Indicators
Sustainability Indicators**

	2016	2015	2014	2013	2012	2011
Cash	9,666,716	6,657,306	8,024,620	6,847,195	4,683,713	3,191,397
Current Assets	13,090,817	12,549,197	13,075,614	11,970,340	6,461,102	3,666,011
Capital Assets-Net	3,984,574	2,910,970	2,259,365	2,228,122	1,546,213	870,255
Total Assets	<u>17,075,391</u>	<u>15,460,167</u>	<u>15,334,979</u>	<u>14,198,462</u>	<u>8,007,315</u>	<u>4,536,266</u>
Current Liabilities	3,491,884	2,142,638	3,840,480	5,038,803	2,212,318	1,310,457
Long Term Liabilities	0	0	0	0	0	0
Total Liabilities	<u>3,491,884</u>	<u>2,142,638</u>	<u>3,840,480</u>	<u>5,038,803</u>	<u>2,212,318</u>	<u>1,310,457</u>
Net Position	<u>13,583,507</u>	<u>13,317,529</u>	<u>11,494,499</u>	<u>9,159,659</u>	<u>5,794,997</u>	<u>3,225,809</u>
Total Revenue	67,380,739	59,593,903	49,007,699	39,891,786	31,383,235	26,131,010
Total Expenses	<u>(68,188,365)</u>	<u>(58,422,478)</u>	<u>(46,704,102)</u>	<u>(37,209,033)</u>	<u>(29,490,005)</u>	<u>(25,310,354)</u>
Change in Net Position	<u>(807,626)</u>	<u>1,171,425</u>	<u>2,303,597</u>	<u>2,682,753</u>	<u>1,893,230</u>	<u>820,656</u>
Depreciation	251,195	189,294	177,203	152,892	91,984	70,280
Principal Payments	0	0	0	0	0	0
Interest payments	0	0	0	0	0	0
Final average daily enrollment	3,249	2,807	2,073	1,681	1,423	1,204
March 30th budgeted Enrollment	3,200	2,800	2,000	1,600	1,400	1,200
Near term indicators	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
CURRENT RATIO	3.75	5.89	5.72	2.38	2.92	2.8
Unrestricted days cash	51.87	40.68	62.86	67.17	57.97	46.02
Enrollment variance	100%	100%	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A	N/A	N/A

TEAM ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash	9,666,716	6,657,306	8,024,620	6,847,195	4,683,713	3,191,397
Current Assets	13,090,817	12,549,197	13,075,614	11,970,340	6,461,102	3,666,011
Capital Assets-Net	3,984,574	2,910,970	2,259,365	2,228,122	1,546,213	870,255
Total Assets	<u>17,075,391</u>	<u>15,460,167</u>	<u>15,334,979</u>	<u>14,198,462</u>	<u>8,007,315</u>	<u>4,536,266</u>
Current Liabilities	3,491,884	2,142,638	3,840,480	5,038,803	2,212,318	1,310,457
Long Term Liabilities	0	0	0	0	0	0
Total Liabilities	<u>3,491,884</u>	<u>2,142,638</u>	<u>3,840,480</u>	<u>5,038,803</u>	<u>2,212,318</u>	<u>1,310,457</u>
Net Position	<u>13,583,507</u>	<u>13,317,529</u>	<u>11,494,499</u>	<u>9,159,659</u>	<u>5,794,997</u>	<u>3,225,809</u>
Total Revenue	67,380,739	59,593,903	49,007,699	39,891,786	31,383,235	26,131,010
Total Expenses	<u>(68,188,365)</u>	<u>(58,422,478)</u>	<u>(46,704,102)</u>	<u>(37,209,033)</u>	<u>(29,490,005)</u>	<u>(25,310,354)</u>
Change in Net Position	<u>(807,626)</u>	<u>1,171,425</u>	<u>2,303,597</u>	<u>2,682,753</u>	<u>1,893,230</u>	<u>820,656</u>
Depreciation	251,195	189,294	177,203	152,892	91,984	70,280
Principal Payments		0	0	0	0	0
Interest payments		0	0	0	0	0
Final average daily enrollment	3,249	2,807	2,073	1,681	1,423	1,204
March 30th budgeted Enrollment	3,200	2,800	2,000	1,600	1,400	1,200
Sustainability Indicators	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total margin	-2%	2%	5%	7%	6%	4%
Debt to Asset	N/A	N/A	N/A	N/A	N/A	N/A
cash flow	3,009,410	(1,367,315)	1,177,425	2,163,482	1,492,316	1,196,578
Debt Service Coverage ratio	N/A	N/A	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

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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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, 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 ("the Charter School"), in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated October 20, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any

deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School'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 Office of School Finance, Department of Education, State of New Jersey*.

I also noted certain matters that I reported to management of the TEAM Academy Charter School in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated October 20, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 870



Scott J Loeffler, CPA
October 20, 2016

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EXHIBIT K-2

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY OMG'S CIRCULAR LETTER 15-08

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 TEAM Academy Charter School, in the County of Essex, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2016. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey Department of the Treasury Circular Letter 15-08 *OMB Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB 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 Charter School's 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 on compliance for each major federal and state program. However, my audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

In my opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB, 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 Charter School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance and State of New Jersey Department of Treasury Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

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 with a horizontal line underlining the name.

Scott J. Loeffler, CPA
October 20, 2016

TEAM ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

<u>Federal/Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Program Award Amount</u>	<u>Balance July 1, 2015</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, 2016</u>	<u>Due to Grantor at June 30, 2016</u>
Food Subsidy											
Federal School Lunch	10.555	07/01/15-06/30/16	\$1,218,155	(\$143,526)		\$1,119,447	\$1,218,155			(242,234)	
Federal After School - Snack	10.558	07/01/15-06/30/16	\$338,469	(\$54,901)		320,367	338,469			(73,003)	
Federal Breakfast	10.553	07/01/15-06/30/16	\$537,660	(\$56,303)		483,698	537,660			(110,265)	
Special Revenue											
NCLB											
Title I PART A	84.010A	07/01/15-06/30/16	\$2,453,452	(158,923)		2,320,153	2,161,230			0	
Title I PART A C/O	84.010A	07/01/15-06/30/16	\$5,472	(5,472)		5,472	0			0	
Title II	84.367	07/01/15-06/30/16	\$16,053			16,053	16,053				
Investing in Innovation	84.396A	07/01/14-06/30/15	\$252,676	(56,812)		56,812				0	
IDEA BASIC	84.027	07/01/15-06/30/16	\$633,848	(58,734)		617,582	633,848			(75,000)	
Race to the Top	84.412	07/01/15-06/30/16	\$29,607			29,607	29,607			0	
Total Special Revenue				(279,941)		3,045,679	2,840,738			(75,000)	
				(\$534,671)		\$4,969,191	\$4,935,022			(\$500,502)	

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

**TEAM ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2016**

EXHIBIT - K-4

<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, 2015</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, 2016</u>	<u>Due to Grantor at June 30, 2016</u>
GENERAL FUND										
TPAF Social Security	16-495-034-5095-002	7/1/15-06/30/16	\$1,354,381		\$1,354,381	\$1,354,381				
Equalization Aid - Local	16-495-034-5120-078	7/1/15-06/30/16	7,346,040		7,346,040	\$7,346,040				
Equalization Aid - State	16-495-034-5120-078	7/1/15-06/30/16	42,207,609		42,207,609	\$42,207,609				
Extraordinary Aid	16-100-034-5120-068	7/1/15-06/30/16	171,335		171,335	\$171,335				
Security Aid	16-100-034-5120-084	7/1/15-06/30/16	1,820,401		1,820,401	1,820,401				
Special Education	16-100-034-5120-089	7/1/15-06/30/16	<u>1,607,301</u>		<u>1,607,301</u>	<u>\$1,607,301</u>				
Total General Fund					54,507,067	54,507,067				--
ENTERPRISE FUND										
National School Lunch-State	16-100-010-3350-23	7/1/15-06/30/16	18,138	(2,775)	21,263	23,071			<u>(\$4,583)</u>	
Total State Financial Aid Subject to OMB 04-04					(2,416)	\$54,528,330	\$54,530,138		<u>(\$4,583)</u>	
On Behalf TPAF Pension/Medic: 16-495-034-5095-050		7/1/15-06/30/16			<u>\$2,846,299</u>	<u>\$2,846,299</u>				
Total State Financial Assistance					<u>\$57,374,629</u>	<u>\$57,376,437</u>				

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 ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

1. General

The accompanying schedules present the activity of all expenditures of federal assistance and state financial assistance of the Charter School. All federal and state assistance 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.

2. Basis of Accounting

The accompanying schedules are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Charter School's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 accounting 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- for the general fund and \$-0- for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3).

**TEAM ACADEMY CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

3. Relationship to Basic Financial Statements (continued)

Federal awards and state financial assistance revenues are reported in the Charter School’s basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$	\$54,507,067	\$54,507,067
Special Revenue Fund	2,840,738	---	2,840,738
Food Service Fund	<u>2,094,283</u>	<u>23,071</u>	<u>2,117,355</u>
 Total Awards and Financial Assistance	 <u>\$4,935,021</u>	 <u>\$54,530,138</u>	 <u>\$59,465,160</u>

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.

5. Other Information

The TPAF Social Security Contributions of \$1,354,381 represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2016.

The amount reported as TPAF Pension System Contributions in the amount of \$1,547,049 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,299,250 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 school’s 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 FISCAL YEAR ENDED JUNE 30, 2016**

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

State Awards	<u>YES</u>	<u>NO</u>	
Dollar threshold used to distinguish between type A and type B programs (.520)	\$1,635,904		
Auditee qualified as low risk auditee:	X		
Type of auditor’s report issued:		Unmodified	
Internal control over major programs:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor’s report on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X	
Identification of major programs:			
<u>GMIS Number(s)</u>			<u>Name of State Program or Cluster</u>
16-495-034-5120-078			Equalization Aid Local and State
16-495-034-5120-089			Special Education Aid - Cluster
16-495-034-5120-084			Security Aid - Cluster
16-495-034-5095-002			TPAF - Social Security

**TEAM ACADEMY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

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 THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of U.S. Uniform Guidance or with NJOMB Circular 15-08.

**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, 2016**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

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