

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF

**TEAM ACADEMY CHARTER SCHOOL, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

TEAM ACADEMY CHARTER SCHOOL, INC.

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N/A = Not Applicable

INTRODUCTORY SECTION

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www.kippnj.org

December 15, 2020

The 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, Inc. (the "Charter School" or "TEAM") for the fiscal year ended June 30, 2020, 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 Charter 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 Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter 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 the list of principal officials. The financial section includes the independent auditor's report, MD&A and the basic financial statements including the Charter School-wide financial statements presented in conformity with GASB Statement No. 34. The basic financial statements also include individual fund financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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.

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.

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- 1) Reporting Entity and its Services:** TEAM is an independent reporting entity within the criteria adopted by the GASB as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the Charter School are included in this report.

The overarching mission of TEAM is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

TEAM is open to all Newark students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a Charter School.

By the end of 2019-2020 school year, the Charter School had a student enrollment of 4,865.

- 2) Economic Outlook:** The City of Newark is the largest city in the State of New Jersey. It serves as the county seat for Essex County, with County, State and Federal Courts as well as governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation hub serviced by the Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

It is also the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions, including the Prudential Insurance Company, Blue Cross Blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company. Newark is the site of the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School, and Essex County College.

The City of Newark has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade, including the construction of a new arena for the professional hockey team, the New Jersey Devils, which opened in October 2007.

- 3) Charter School Enrollment, Demographics and Other Highlights:** During the 2019-2020 School Year, TEAM enrolled students from several school districts including: *City of Newark School District (resident district), Orange, East Orange, Hillside, Elizabeth City, Bloomfield, Linden, Plainfield, Bayonne, Middleton, Rahway, Roselle, Union, Belleville, Irvington, and so on.*

TEAM was established in order to meet the academic, educational and social development needs of the residents in the City of Newark and other New Jersey school districts.

We accept our families on a first-come, first-served basis. We work diligently with the families in order to assist them in completing the application and medication information, as well as providing pertinent contact information. The Charter School has ensured compliance with N.J.S.A. 18A:3 6A-7 and 18A:36A-8 through random selection, based upon the applicant's completion of the application process. We do not discriminate against any student or family. We openly recruit and provide the community with information via our web site, hold open houses at the school, etc. However, we make every effort to inundate the community with enrollment information. Furthermore, although the City of Newark is our resident district, in order to maintain our approved enrollment, TEAM also accepts students from other districts. Our participation in the Universal Enrollment System ensures that the fewest barriers are placed for applicant families and that students who apply are matched by an impartial algorithm.

3) **Charter School Enrollment, Demographics and Other Highlights** (Continued):

TEAM provides special needs services to students in accordance with their approved Individual Education Programs (IEPs). Additionally, we provide Speech Therapy for students that have been identified as needing this service.

Our Title I Resource Teachers provide support programs that include the Title I Push-In services, math and literacy remedial and enrichment programs, which are all resources to provide more services that meet the needs of our students so that they can reach their maximum potential.

4) **Internal Accounting Controls:** Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure 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 principles (GAAP). The system of internal control 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 valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal awards and state financial assistance, the Charter School is also responsible for ensuring that an adequate system of internal controls is in place to ensure compliance with applicable laws and regulations related to those programs. This system of internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the system of internal controls, including that portion related to Federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

5) **Budgetary Controls:** In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the statutory requirements of Charter School budgets. Annual appropriated budgets are adopted for general and special revenue funds. The final budget amount, as amended for the fiscal year, is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

During the 2019-2020 fiscal school year, the Charter School continued its efforts to improve its audit status, operational processes and procedures and reviews and on maintaining general compliance with sound fiscal practices.

6) **Accounting System and Reports:** The Charter School's accounting records reflect GAAP, as promulgated by the GASB. The accounting records also reflect New Jersey State Statute (N.J.S.A 18:4-14) that requires a uniform system of double-entry bookkeeping consistent with the GAAP established by GASB for us in all school districts and Charter School. The accounting system is organized on the basis of funds in accordance with the Uniform Renaissance of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in "Notes to the Financial Statements", Note 2.

- 7) **Financial Statement 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 governmental fund and enterprise funds for the fiscal year ended June 30, 2020:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Revenue	\$ 10,484,071	11%
State Share	68,630,238	69
State Aid	9,184,148	9
Federal Aid - General Fund	233,178	-
Private Grants - General Fund	725,447	1
Enterprise Fund	2,859,668	3
Federal Aid - Special Revenue	4,636,353	5
Private Grants - Special Revenue	<u>2,190,759</u>	<u>2</u>
	<u>\$ 98,943,862</u>	<u>100%</u>

The following schedule presents a summary of the governmental and enterprise funds for the fiscal year ended June 30, 2020:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 88,453,779	88%
Special Revenue Fund	6,827,112	7
Capital Projects Fund	* 1,654,697	2
Enterprise Fund	<u>3,164,790</u>	<u>3</u>
Total	<u>\$ 100,100,378</u>	<u>100%</u>

* Capital outlay costs were funded from issuance of note payable of \$1,147,871, which is not included in the above revenue amounts. This is shown as other financing sources in the statement of revenues, expenditures and changes in fund balances.

- 8) **Cash Management:** The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements". The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **Risk Management:** The Board carries various forms of insurance, including, but not limited to, general liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, and worker's compensation.
- 10) **Other Information:**

Independent Audit - State statute requires an annual audit by independent Certified Public Accountants or registered Municipal Accountants. The Charter School appointed the accounting firm of AAFCPAs, Inc.

10) Other Information (Continued):

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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 New Jersey OMB Circular Letter 15-08 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

The auditor’s report on the basic financial statements is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

The 2019-2020 school-year was one of great strides in terms of academic achievement at the Charter School. In addition, it continues to enjoy a fairly reasonable financial position through careful stewardship of its resources. The next school year promises to be one that builds upon these successes with additional progress in all areas of the Charter School’s operations, and particularly in the area of student achievement.

11) Acknowledgments: A note of appreciation is extended to the Audit Committee of the Charter School for their ongoing support and commitment to fiscal integrity and to the Charter School’s Board of Trustees for their selfless dedication to improving student achievement.

A special note of appreciation is extended to the Business Office and to all of the business operations staff members for their untiring efforts to improve processes, procedures and audit outcomes. Their contributions in support of the students and staff of the Charter School are truly noteworthy. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial, accounting and administrative staff.

Respectfully submitted,



Steve Small
School Business Administrator

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2020**

<u>Members of Board of Trustees</u>	<u>Term Expires/Expired</u>
Brendan Maher, Board President, Voting	11/2021
Michaela Murray Nolan, Trustee, Voting	3/2021
Sheila Boyd, Trustee, Voting	6/2020
Tia Morris, Trustee, Voting	9/2022
Tafshier Cosby, Trustee, Non-Voting	6/2021
Kevin Morrison, Trustee, Voting	10/2022
Rasheen Peppers, Trustee, Voting	3/2021
Julie Keenan, Trustee, Voting	10/2022

CONSULTANTS AND ADVISORS

AUDIT FIRM

AAFCPAs, Inc.
50 Washington Street
Westborough, MA 01581

ATTORNEYS

Thomas O. Johnston, Esq.
Johnston Law Firm LLC
75 Midland Avenue, Suite # 1
Montclair, NJ 07042

OFFICIAL DEPOSITORY

M&T Bank
250 Pehle Avenue, Suite 104
Saddle Brook, NJ 07663

FINANCIAL SECTION

Independent Auditor's Report

To the Board of Trustees of
TEAM Academy Charter School, Inc.:

Report on the Financial Statements

We 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 TEAM Academy Charter School, Inc. (the Charter School), County of Essex, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements.

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our 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 Charter School as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended in accordance 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* (pages 9 through 14) and *Budgetary Comparison Information and Pension Information* (pages 54 through 71) 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, which 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining and individual fund financial statements and Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2020, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the provisions of New Jersey Department of the Treasury OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

AAFCPAs, Inc.

Westborough, Massachusetts
December 15, 2020

Matthew T. McGinnis

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100

**REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS**

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

INTRODUCTION

This section of the TEAM Academy Charter School, Inc.'s (the Charter School) annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020 fiscal year include the following:

- Net position of governmental activities ended the fiscal year with \$4,209,030. Net position of business-type activities, which represent food service operations ended the fiscal year with \$0.
- General Fund revenues accounted for \$89,257,082 in revenue or 93 percent of total governmental fund revenues of \$96,084,194. Program specific revenues, in the form of charges for services, grants, and contributions in the special revenue fund, accounted for \$6,827,112 or seven percent of total governmental fund revenues.
- The Charter School had \$96,935,588 (see page 12) in expenses related to governmental activities; \$6,827,112 of these expenses is offset by operating grants and contributions. General revenues (primarily State and local share) of \$89,257,082 helped to provide for the balance of these programs.
- The General Fund reported a fund balance at June 30, 2020, of \$11,875,075, and a loss of \$(604,275) for the year ended June 30, 2020.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Position and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

USING THE BASIC FINANCIAL STATEMENTS (Continued)

Proprietary fund statements offer short and long-term financial information about the activities. The government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

REPORTING THE CHARTER SCHOOL AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2020?" The statements of Net Position and the Statement of Activities answer this question. These statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Position and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

- *Governmental activities* - Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.
- *Business-type activities* - Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The food service operations are reported as business activity.

REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds, not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's most significant governmental fund is the General Fund.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

THE CHARTER SCHOOL AS A WHOLE

The perspective of the Statement of Net Position is of the Charter School as a whole. Net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$4,209,030 (see below) at the close of fiscal year 2020. The following table provides a summary of net position relating to the Charter School's governmental and business-type activities:

	<u>2020</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets and deferred outflows of resources:			
Current assets	\$ 19,145,895	\$ 209,386	\$ 19,355,281
Capital assets, net	17,795,521	-	17,795,521
Deferred outflows of resources	<u>8,275,723</u>	<u>-</u>	<u>8,275,723</u>
Total assets and deferred outflow of resources	<u>\$ 45,217,139</u>	<u>\$ 209,386</u>	<u>\$ 45,426,525</u>
Liabilities and deferred outflows of resources:			
Current liabilities	\$ 7,270,820	\$ 209,386	\$ 7,480,206
Long-term liabilities	25,136,320	-	25,136,320
Deferred outflows of resources	<u>8,600,969</u>	<u>-</u>	<u>8,600,969</u>
Total liabilities and deferred inflow of resources	<u>\$ 41,008,109</u>	<u>\$ 209,386</u>	<u>\$ 41,217,495</u>
Net position:			
Invested in capital assets, net of related debt	\$ 6,710,927	\$ -	\$ 6,710,927
Unrestricted	<u>(2,501,897)</u>	<u>-</u>	<u>(2,501,897)</u>
Total net position	<u>\$ 4,209,030</u>	<u>\$ -</u>	<u>\$ 4,209,030</u>

The largest portion of the Charter School's net position is its current assets. The Charter School uses these current assets to provide services.

The total net position of the Charter School decreased by \$(670,506) during the current fiscal year ended June 30, 2020.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

THE CHARTER SCHOOL AS A WHOLE (Continued)

The table that follows reflects the change in fund balance for fiscal year 2020.

	2020		Total
	Governmental Activities	Business- Type Activities	
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 168,725	\$ 168,725
Operating grants and contributions	<u>6,827,112</u>	<u>-</u>	<u>6,827,112</u>
Total program revenues	<u>6,827,112</u>	<u>168,725</u>	<u>6,995,837</u>
General revenues:			
Local aid	10,484,071	-	10,484,071
Federal and state aid	78,047,564	2,690,943	80,738,507
Miscellaneous	<u>725,447</u>	<u>-</u>	<u>725,447</u>
Total general revenues	<u>89,257,082</u>	<u>2,690,943</u>	<u>91,948,135</u>
Total revenues	<u>96,084,194</u>	<u>2,859,668</u>	<u>98,943,972</u>
Expenses:			
Instructions	28,605,257	-	28,605,257
Administrative and support services	66,313,100	-	66,602,234
Capital outlay	2,017,231	-	2,017,231
Food service	<u>-</u>	<u>3,164,790</u>	<u>3,164,790</u>
Total expenses	<u>96,935,588</u>	<u>3,164,790</u>	<u>100,100,378</u>
Change in fund balance before transfers and other financing sources	<u>\$ (851,394)</u>	<u>\$ (305,122)</u>	<u>\$ (1,156,516)</u>

GOVERNMENTAL ACTIVITIES

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2020.

	Total Cost of Services	Net Cost of Services
Instruction	\$ 28,605,257	\$ 27,407,378
Administrative and support services	66,313,100	60,683,867
Capital outlay	<u>2,017,231</u>	<u>2,017,231</u>
Total expenses	<u>\$ 96,935,588</u>	<u>\$ 90,108,476</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

BUSINESS-TYPE ACTIVITY

The business-type activity of the Charter School consists of the food service operation and the after-school/summer programs. These programs had revenues of \$2,859,668 and operating expenses of \$3,164,790 for fiscal year 2020. The Charter School intended to have food services be self-operating without assistance from the General Fund. Food service recorded a deficit of \$305,122 for the fiscal year 2020. The General Fund made a transfer to cover the deficit.

THE CHARTER SCHOOL'S FUNDS

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$96,084,194 and expenditures of \$96,935,588. The negative change in fund balance for the year was \$851,394. Before other financing sources of \$1,147,871, the negative change in fund balance was part of the net increase in the accumulated fund balance of \$11,875,075, which decreased by \$(8,465).

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The Charter School completes its budget at a consolidated fund basis and transfers between funds as needed based on the amount of grants received for that year. Additionally, the Charter School fully utilizes the State of New Jersey's recommended chart of accounts.

During fiscal year 2020, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$82,812,134. Expenditures and other financing uses were budgeted at \$81,451,934. The Charter School anticipated budgeted a fund balance deficit of \$(2,529,800) in its 2019-2020 budget year.

The State of New Jersey reimbursed the Charter School \$2,256,230 during the year ended June 30, 2020, for the employer's share of Social Security contributions for TPAF members. The State also paid \$6,927,918 into the TPAF pension - representing on-behalf employer's portion of the Pension System Contributions, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance Premium Contributions. The unbudgeted amounts were included in both revenues and expenditures.

CAPITAL ASSETS

At the end of fiscal year 2020, the Charter School had \$17,795,521 invested in net capital assets in its governmental activities.

The Charter School's 2020-2021 budget anticipates additional spending on capital projects in line with its expansion plans.

LONG-TERM DEBT

At June 30, 2020, the Charter School had \$11,084,594 in long-term debt. The Charter School had \$14,051,726 at June 30, 2020, in net pension liability regarding the Public Employees Retirement System. More detailed information about the Charter School's long-term obligations is presented in the notes to the financial statements.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints. These impact the amount of state and Federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2020-2021. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment, and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

CONTACTING THE CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

TEAM ACADEMY CHARTER SCHOOL, INC
Business Office, 60 Park Place, Suite 802
Newark, New Jersey 07102
Tel: (973) 622 0905 * Fax: (973) 556 1441

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the TEAM Academy Charter School, Inc.'s operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

SCHOOL-WIDE FINANCIAL STATEMENTS

TEAM Academy Charter School, Inc.
Statement of Net Position
As of June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 14,486,823	\$ 95,959	\$ 14,582,782
Receivables, net	3,136,553	113,427	3,249,980
Due from related parties	677,003	-	677,003
Prepaid expenses	845,516	-	845,516
Capital assets, net	17,795,521	-	17,795,521
Total assets	<u>36,941,416</u>	<u>209,386</u>	<u>37,150,802</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension deferred outflows	<u>8,275,723</u>	<u>-</u>	<u>8,275,723</u>
Total assets and deferred outflows of resources	<u>\$ 45,217,139</u>	<u>\$ 209,386</u>	<u>\$ 45,426,525</u>
LIABILITIES:			
Intergovernmental payables - state	\$ 754,722	\$ -	\$ 754,722
Accounts payable	4,290,383	209,386	4,499,769
Accrued expenses	53,041	-	53,041
Due to related party	2,172,674	-	2,172,674
Note payable	11,084,594	-	11,084,594
Net pension liability	14,051,726	-	14,051,726
Total liabilities	<u>32,407,140</u>	<u>209,386</u>	<u>32,616,526</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension deferred inflows	<u>8,600,969</u>	<u>-</u>	<u>8,600,969</u>
Total liabilities and deferred inflows of resources	<u>41,008,109</u>	<u>209,386</u>	<u>41,217,495</u>
NET POSITION:			
Invested in capital assets, net of capital debt	6,710,927	-	6,710,927
Unrestricted	<u>(2,501,897)</u>	<u>-</u>	<u>(2,501,897)</u>
Total net position	<u>4,209,030</u>	<u>-</u>	<u>4,209,030</u>
Total net position and liabilities	<u>\$ 45,217,139</u>	<u>\$ 209,386</u>	<u>\$ 45,426,525</u>
Fund Balance, June 30, 2020 - B-1	\$ 11,875,075		
Cost of capital assets, net of accumulated depreciation	17,795,521		
Principal balance of notes payable	<u>(11,084,594)</u>		
Net position before pension adjustments	18,586,002		
Less - pension, net (deficit)	<u>(14,376,972)</u>		
Total net position, June 30, 2020	<u>\$ 4,209,030</u>		

TEAM Academy Charter School, Inc.
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net Expense (Revenue) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 28,605,257	\$ -	\$ 1,197,879	\$ 27,407,378	\$ -	\$ 27,407,378
Support services:						
General administration	31,111,660	-	-	31,111,660	-	31,111,660
Support services	26,017,292	-	5,629,233	20,388,059	-	20,388,059
TPAF Social Security (Reimbursed)	2,256,230	-	-	2,256,230	-	2,256,230
TPAF Medical (On-Behalf - Non-Budgeted)	1,884,827	-	-	1,884,827	-	1,884,827
TPAF Pension (On-Behalf - Non-Budgeted)	5,043,091	-	-	5,043,091	-	5,043,091
Capital outlay	2,017,231	-	-	2,017,231	-	2,017,231
Total governmental activities	<u>96,935,588</u>	<u>-</u>	<u>6,827,112</u>	<u>90,108,476</u>	<u>-</u>	<u>90,108,476</u>
Business-type activities:						
Food Service	3,164,790	168,725	-	-	2,996,065	2,996,065
Total business-type activities	<u>3,164,790</u>	<u>168,725</u>	<u>-</u>	<u>-</u>	<u>2,996,065</u>	<u>2,996,065</u>
Total primary government	<u>\$ 100,100,378</u>	<u>\$ 168,725</u>	<u>\$ 6,827,112</u>	<u>90,108,476</u>	<u>2,996,065</u>	<u>93,104,541</u>
General revenues:						
Local share				10,484,071	-	10,484,071
State share				68,630,238	25,362	68,655,600
State aid				9,184,148	-	9,184,148
Federal aid				233,178	2,665,581	2,898,759
Miscellaneous				725,447	-	725,447
Total general revenues				<u>89,257,082</u>	<u>2,690,943</u>	<u>91,948,025</u>
Deficit of revenues over expenditures				(851,394)	(305,122)	(1,156,516)
Other financing sources				1,147,871	-	1,147,871
Transfers				(305,122)	305,122	-
Net decrease in fund balance				(8,645)	-	(8,645)
Increase in net Capital Outlay				768,251	-	768,251
Increase in notes payable				(1,147,871)	-	(1,147,871)
Increase in pension deficit (A-1 Net Position)				(282,241)	-	(282,241)
Change in Net Position				(670,506)	-	(670,506)
Net Position - beginning July 1, 2019				4,879,536	-	4,879,536
Net Position - ending June 30, 2020				<u>\$ 4,209,030</u>	<u>\$ -</u>	<u>\$ 4,209,030</u>

The accompanying notes are an integral part of these statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TEAM Academy Charter School, Inc.
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 14,486,823	\$ -	\$ -	\$ 14,486,823
Due from (to) funds	864,428	(864,428)	-	-
Receivables:				
State, net	1,191,457	-	-	1,191,457
Federal	-	1,313,645	-	1,313,645
Other	355,248	276,203	-	631,451
Due from related parties	412,895	264,108	-	677,003
Prepaid expense	845,516	-	-	845,516
	<u>\$ 18,156,367</u>	<u>\$ 989,528</u>	<u>\$ -</u>	<u>\$ 19,145,895</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Intergovernmental payables - state	\$ 754,722	\$ -	\$ -	\$ 754,722
Accounts payable	3,353,896	936,487	-	4,290,383
Deferred revenue	-	53,041	-	53,041
Due to related party	2,172,674	-	-	2,172,674
Total liabilities	<u>6,281,292</u>	<u>989,528</u>	<u>-</u>	<u>7,270,820</u>
Fund Balances:				
Unassigned	11,029,559	-	-	11,029,559
Nonspendable	845,516	-	-	845,516
Total fund balances	<u>11,875,075</u>	<u>-</u>	<u>-</u>	<u>11,875,075</u>
Total liabilities and fund balances	<u>\$ 18,156,367</u>	<u>\$ 989,528</u>	<u>\$ -</u>	<u>\$ 19,145,895</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 \$21,196,621 and the accumulated depreciation is \$3,401,100 (see Note 4).

\$ 17,795,521

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 8).

8,275,723

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements (see Note 8).

(8,600,969)

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 fund statements (see Notes 8 and 15).

(25,136,320)

Net position of governmental activities

\$ 4,209,030

TEAM Academy Charter School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local sources:				
Local share	\$ 10,484,071	\$ -	\$ -	\$ 10,484,071
State share	68,630,238	-	-	68,630,238
Philanthropic support	-	2,190,759	-	2,190,759
Miscellaneous	725,447	-	-	725,447
Total - local sources	79,839,756	2,190,759	-	82,030,515
Federal sources	233,178	4,636,353	-	4,869,531
State sources	9,184,148	-	-	9,184,148
Total revenues	89,257,082	6,827,112	-	96,084,194
EXPENDITURES:				
Current:				
Instruction	27,407,378	1,197,879	-	28,605,257
Administrative	30,491,075	-	620,585	31,111,660
Support Services	20,388,059	5,629,233	-	26,017,292
TPAF Social Security (Reimbursed)	2,256,230	-	-	2,256,230
TPAF Medical (On-Behalf - Non-Budgeted)	1,884,827	-	-	1,884,827
TPAF Pension (On-Behalf - Non-Budgeted)	5,043,091	-	-	5,043,091
Capital outlay	983,119	-	1,034,112	2,017,231
Total expenditures	88,453,779	6,827,112	1,654,697	96,935,588
Excess of revenues over expenditures	803,303	-	(1,654,697)	(851,394)
OTHER FINANCING SOURCES (USES):				
Issuance of note payable	-	-	1,147,871	1,147,871
Transfers between funds	(1,407,578)	-	1,102,456	(305,122)
Total other financing sources (uses)	(1,407,578)	-	2,250,327	842,749
Net change in fund balances	(604,275)	-	595,630	(8,645)
Fund Balance - July 1, 2019	<u>12,479,350</u>	<u>-</u>	<u>(595,630)</u>	<u>11,883,720</u>
Fund Balance - June 30, 2020	<u>\$ 11,875,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,875,075</u>

**TEAM Academy Charter School, Inc.
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2020**

Total net change in fund balances - governmental funds (from B-2) \$ (8,645)

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.

	\$ (1,248,980)	
Depreciation expense		
Capital outlays	<u>2,017,231</u>	768,251

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 changes during the period. (282,241)

Issuance of note payable increase liabilities in the statement of net position, but are included in the government funds as other financing sources. (1,147,871)

Change in net position of governmental activities \$ (670,506)

PROPRIETARY FUNDS

TEAM Academy Charter School, Inc.
Statement of Net Position
Proprietary Funds
As of June 30, 2020

	<u>Business-type Activities - Enterprise Fund</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 95,959
Accounts receivable - Federal Aid	111,716
Accounts receivable - State Aid	783
Other receivables	<u>928</u>
Total assets	<u><u>\$ 209,386</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 209,386
NET POSITION:	
Unrestricted	<u>-</u>
Total net position and liabilities	<u><u>\$ 209,386</u></u>

TEAM Academy Charter School, Inc.
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Business-type Activities - Enterprise Fund</u>
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 100,597
Daily sales - nonreimbursable programs	68,128
	168,725
Operating Expenses:	
Cost of sales - reimbursable programs	3,039,884
Salaries	117,201
Costs of benefits	7,705
	3,164,790
Total operating expenses	3,164,790
Operating loss	(2,996,065)
Non-operating Revenues:	
State sources:	
State school lunch program	25,362
Federal sources:	
National school lunch program	1,830,005
School breakfast program	710,809
Fresh fruit and vegetable program	124,767
	2,690,943
Total non-operating revenues	2,690,943
Loss before contributions	(305,122)
Transfers from General Fund to Subsidize Loss	305,122
Change in net position	-
Total Net Position - beginning	-
Total Net Position - ending	\$ -

TEAM Academy Charter School, Inc.
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - <u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 220,907
Payments to suppliers	(3,437,954)
Payments to employees	<u>(124,906)</u>
Net cash used in operating activities	(3,341,953)
Cash Flows from Noncapital Financing Activities:	
State and Federal sources	<u>3,119,111</u>
Net increase in cash and cash equivalents	82,280
Cash and Cash Equivalents Balance - beginning of year	<u>13,679</u>
Cash and Cash Equivalents Balance - end of year	<u><u>\$ 95,959</u></u>
Reconciliation of Loss to Net Cash used for Operating Activities:	
Operating loss	\$ (2,996,065)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in other receivables	52,182
Increase in accounts payable	<u>(398,070)</u>
Net cash used in operating activities	<u><u>\$ (3,341,953)</u></u>

FIDUCIARY FUNDS

TEAM Academy Charter School, Inc.
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2020

	Flex Spending Account	Agency Fund Payroll	Total
ASSETS:			
Cash and cash equivalents	\$ 1,249,044	\$ 728,690	\$ 1,977,734
LIABILITIES:			
Payroll deductions and withholdings	\$ 804,295	\$ 728,690	\$ 1,532,985
Due to related party	444,749	-	444,749
Total liabilities	1,249,044	728,690	1,977,734
NET POSITION			
	-	-	-
Total liabilities and net position	\$ 1,249,044	\$ 728,690	\$ 1,977,734

NOTES TO THE BASIC FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

TEAM Academy Charter School, Inc. (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 School Leader/Chief Executive Officer is appointed by the 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 are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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 Governmental Accounting Standards Board (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 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 Charter School's 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 character school to serve as a neighborhood resource and as a model for other similar schools. The Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology, and an intimate nurturing environment that will enhance positive self-images.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the 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 (GAAP) as applied to governmental units and have been consistently applied in the preparation of these financial statements.

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Charter School's basic financial statements consist of government-wide statements, including a statement of net position, 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.

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.

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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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. 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 School's 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 are 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).

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (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 similar to businesses 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 of food service 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 involve measurement of results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e., expenditures and other financing 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 objectives 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 statement 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), regardless of the timing of related cash flows.

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 determined 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and 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.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less.

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 investments that may be purchased by New Jersey Charter Schools.

Additionally, the Charter School has adopted a cash management plan that 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 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 GUDPA 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the accompanying school-wide statement of net position, deferred outflows of resources consist of deferred amounts on net pension liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

Net Position/Fund Balance

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Invested in Capital Assets, Net of Capital Debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- Restricted - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. There was no restricted net position as of June 30, 2020.
- Unrestricted - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position - unrestricted, which includes deferred inflows and outflows of the pension liabilities.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and Equity

The Charter School follows GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54")*, in establishing 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.

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.

Capital Assets

Capital assets, which include leasehold improvements and equipment, furniture and fixtures 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.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's 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 Useful Lives</u>
Leasehold improvements	Over the Term of the Lease
Equipment, furniture and fixtures	10 years

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is attributable to services already rendered, and that are not contingent on specific events that are 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 events that are 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 liability for compensated absences as of June 30, 2020.

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. 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.

Use of 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.

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 (see Note 8).

Due From (To) Funds

Due from (to) funds represents temporary advances made by the general fund to the special revenue and/or capital projects funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 72, *Fair Value Measurement and Application*, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Charter School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Charter School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

3. DEPOSITS AND INVESTMENTS

Deposits

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, INC.

Notes to the Basic Financial Statements
June 30, 2020

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (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, 2020, the Charter School's carrying amount of deposits and investments are as follows:

	<u>School-Wide Financial Statements</u>	<u>Agency Funds</u>	<u>Total</u>
Cash Balance	\$ <u>14,582,782</u>	\$ <u>1,977,734</u>	\$ <u>16,560,516</u>

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2020, the Charter School's bank balance was \$18,793,659.

Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2020, was secured by Federal deposit insurance and \$18,543,659 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey GUDPA.

Reconciliation to the financial statements:

Total cash balance covered by collateral pool	\$ 18,543,659
Plus - insured amount	250,000
Plus - deposits in transit	152,404
Less - outstanding checks	(2,394,728)
Plus - petty cash held by the Charter School	<u>9,181</u>
	16,560,516
Less - Agency Funds	<u>(1,977,734)</u>
Total cash per school-wide financial statements	<u>\$ 14,582,782</u>

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, INC.

Notes to the Basic Financial Statements
June 30, 2020

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, 2020, 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, 2020:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2019</u>	<u>Additions</u>	<u>(Transfers)</u>	<u>Ending Balance June 30, 2020</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ 475,900	\$ 475,900
Construction in progress	<u>7,041,200</u>	<u>-</u>	<u>(7,041,200)</u>	<u>-</u>
Total capital assets being depreciated	<u>7,041,200</u>	<u>-</u>	<u>(6,565,300)</u>	<u>475,900</u>
Capital assets, being depreciated:				
Building	-	-	5,594,000	5,594,000
Building improvements	-	1,034,112	971,300	2,005,412
Leasehold improvements	10,138,289	900,233	-	11,038,522
Equipment, furniture and fixtures	<u>1,999,901</u>	<u>82,886</u>	<u>-</u>	<u>2,082,787</u>
Total capital assets being depreciated	<u>12,138,190</u>	<u>2,017,231</u>	<u>6,565,300</u>	<u>20,720,721</u>
Less - accumulated depreciated:				
Building and building improvements	-	389,879	-	389,879
Leasehold improvements	1,148,610	550,144	-	1,698,754
Equipment, furniture and fixtures	<u>1,003,510</u>	<u>308,957</u>	<u>-</u>	<u>1,312,467</u>
Total accumulated depreciation	<u>2,152,120</u>	<u>1,248,980</u>	<u>-</u>	<u>3,401,100</u>
Total capital assets being depreciated, net	<u>9,986,070</u>	<u>768,251</u>	<u>6,565,300</u>	<u>17,319,621</u>
Total capital assets, net	<u>\$ 17,027,270</u>	<u>\$ 768,251</u>	<u>\$ -</u>	<u>\$ 17,795,521</u>

Depreciation expense of \$1,248,980 was charged to an unallocated function.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

5. RENTAL EXPENSE

The Charter School leases its premises under the terms of non-cancelable leases. Certain leases are automatically extended upon the charter renewal (June 30, 2021) and can be extended through various dates through July 31, 2034. Rent expense for the year ended June 30, 2020, amounted to \$6,928,562 (see Note 6). Future minimum rental commitments under the remaining terms of the lease agreements are \$6,891,772 for the year ended June 30, 2021.

6. RELATED PARTY TRANSACTIONS

The Charter School shares some common Board members and management with the following organizations:

KIPP New Jersey a NJ Nonprofit Corporation (KIPP NJ), a nonprofit charter school management organization, provided management services in the amount of \$9,469,717 to the Charter School for the year ended June 30, 2020. The management agreement operates on a July 1 to June 30 cycle which coincides with the Charter School's fiscal year. These agreements are renewable after an initial term with 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 its initial term. Under the agreement, the service fees are paid monthly and are equal to 12% of core state and local funds earned by the Charter School. In addition to the management fee, the Charter School is obligated to reimburse KIPP NJ for salary and related costs (the Ancillary Services) attributable to certain employees who were previously employed by the Charter School and that are considered to be performing direct school functions that represent those of an employee of the Charter School.

In addition, KIPP NJ provided services such as academic, financial, technology, and curriculum and operations support. In the opinion of management, the payments are less than the market. KIPP NJ also raises grants which are passed-through to the Charter School. The Charter School received a total of \$1,632,446 in grants from KIPP NJ for the year ended June 30, 2020.

The Friends of Team Charter Schools, Inc. and Affiliates (FOT) is a New Jersey nonprofit corporation organized to provide support services to the Charter School.

The Charter School has a note payable agreement with FOT (see Note 15). Under this loan agreement, FOT agreed to finance the renovation and equipping of a building owned by the Charter School located at 300 North 13th Street, Newark, New Jersey (the Project) and other buildings leased by the Charter School. The Project was completed and placed into service during fiscal year 2020 (see Note 4).

The Kingston Educational Holdings I, Inc. (Kingston) is a New Jersey nonprofit corporation organized exclusively to provide support services and facilities to the Charter School.

NCA Facility, Inc. (NCA) is a New Jersey nonprofit corporation organized to provide support services and facilities to the Charter School.

Ashland School, Inc. (Ashland) is a New Jersey nonprofit corporation organized to provide support services and facilities to the Charter School.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

6. RELATED PARTY TRANSACTIONS (Continued)

The Charter School leases a total of six facilities from related parties (see page 36), with rent totaling approximately \$6,928,600 for the year ended June 30, 2020.

Due from related parties consists of the following as of June 30, 2020:

KIPP NJ - operating advances	\$ 333,971
KIPP NJ - grants	264,108
Ashland - refund of rent overpayments	<u>78,924</u>
	<u>\$ 677,003</u>

Governmental Activities due to related party of \$2,172,674 consist of operating costs and management fees payable to KIPP NJ as of June 30, 2020. Additionally, the Charter School owes KIPP NJ \$444,749 of fiduciary related costs that were paid by KIPP NJ to be reimbursed by the Charter School as of June 30, 2020.

7. PENSION PLANS

Description of Plans - Substantially all of the employees of the Charter School are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (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 Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (TPAF) - TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full-time certified teachers or professional staff of the public school systems in the State.

The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems 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.

Public Employees' Retirement System (PERS) - PERS was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county municipality, school, or public agency provided the employee is not a member of another state-administered retirement system. The PERS 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, 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.

7. **PENSION PLANS** (Continued)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after twenty-five years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 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 twenty-five 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.

The TPAF and PERS provide for specified medical benefits for member who retire after achieving twenty-five 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 - Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes - Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need thirty years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes - Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended thirty-year period and paid in level dollars. Beginning with the July 1, 2019, actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed thirty-year period until the remaining period reaches twenty, when the amortization period will revert to an open-ended twenty-year period.

Cost-of-Living Adjustment Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

7. PENSION PLANS (Continued)

Contribution Requirements

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. Under current statute, the Charter School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and charter schools).

The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27, for TPAF, which is a cost-sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost-sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Charter School.

PERS employer contributions are made annually by the Board of Trustees to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2020, was \$769,073.

In accordance with N.J.S.A 18A:66-66, the State reimbursed the Charter School \$2,256,230 for the year ended June 30, 2020, for the employer's share of Social Security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$6,927,918 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions, and TPAF Long-Term Disability Insurance Premium Contributions for the Charter School. These amounts have been included in the school-wide financial statements and the fund financial statements as revenue and expenditure in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions*.

8. PENSION PLANS – GASB 68

Teachers' Pension and Annuity Fund (TPAF)

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 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.

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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (the Employer) is considered to be in a special funding situation as defined by GASB Statement No. 68, and the State is treated as a non-employer contributing entity. Since the 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 \$137,150,045 as measured on June 30, 2019, and \$113,863,438 as measured on June 30, 2018.

For the year ended June 30, 2020, the Charter School's pension expense of \$8,089,476 and revenue of \$8,089,476 for support was 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, 2020, is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

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.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	\$ 17,539,845,423	\$ 16,180,773,643
Collective net pension liability (Non-employer - State of New Jersey)	\$ 61,370,943,870	\$ 63,806,350,446
State's portion of the net pension liability that was associated with the Charter School	\$ 137,150,045	\$ 113,863,438
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.223480%	.178450%

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases: 2011-2026	1.55% - 4.45% based on years of service
Salary Increases: Thereafter	2.75% - 5.65% based on years of service
Investment Rate of Return:	7%

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement, mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.3% adjustment for males and 85.3 adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the State's total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% and, as of June 30, 2019, based on the Bond Buyer Go twenty-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Discount Rate (Continued)

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 based on 70% of the actuarially determined contributions for the State. 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 2054.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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

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:

<https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf20.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/gasb-notices.shtml>.

Public Employees' Retirement System (PERS)

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 Pension

At June 30, 2020, the Charter School reported a liability of \$14,051,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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 year ended June 30, 2019. At June 30, 2019, the Charter School's proportion was .077985%, which was an increase of .011523% from its proportion measured as of June 30, 2018, which was .066462%.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Public Employees’ Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

For the year ended June 30, 2020, the Charter School recognized pension expense of \$1,137,882. At June 30, 2020, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 252,210	\$ 62,074
Changes of assumptions	1,403,116	4,877,310
Net difference between projected and actual earnings on pension plan investments	-	221,812
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	5,851,324	3,439,773
Charter School contributions subsequent to the measurement date	<u>769,073</u>	<u>-</u>
Total	<u>\$ 8,275,723</u>	<u>\$ 8,600,969</u>

The \$769,073 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 ended June 30, 2020, the plan measurement date was June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (405,750)
2021	(1,316,245)
2022	(1,175,330)
2023	(551,878)
2024	<u>(56,667)</u>
Total	<u>\$ (3,505,870)</u>

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability (Non- State-Local Group)	\$ 18,143,832,135	\$ 19,689,501,539
Charter School's proportion of net pension liability	14,051,726	13,086,073
Charter School's proportion percentage	.077985%	.066462%

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Public Employees’ Retirement System (PERS) (Continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% - 6.00% based on years of service
Thereafter	3.00% - 7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TEAM ACADEMY CHARTER SCHOOL, INC.Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)**Public Employees’ Retirement System (PERS) (Continued)****Long-Term Expected Rate of Return (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

8. PENSION PLANS – GASB 68 (Continued)

Public Employees’ Retirement System (PERS) (Continued)

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, 2019, calculated using the discount rate of 6.28%, 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 one-percentage-point lower or one-percentage-point higher than the current rate:

	2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Charter School’s proportionate share of the net pension liability	<u>\$ 17,873,092</u>	<u>\$ 14,051,726</u>	<u>\$ 11,011,809</u>
	2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Charter School’s proportionate share of the net pension liability	<u>\$ 16,454,229</u>	<u>\$ 13,086,073</u>	<u>\$ 10,260,405</u>

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/gasb-notices.shtml>.

9. POST-RETIREMENT BENEFITS

Other Postemployment Benefit Plan (OPEB)

P.L. 1987, c. 384 and P.L. 1990, c.6 required the TPAF and the PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating twenty-five 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.

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 twenty-five years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Plan Description and Benefits Provided

The Charter School is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the Charter School.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefits Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefit Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52: 14-17.32f, the State provides employer-paid coverage to employees who retire from a Board of Education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The Charter School's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the Charter School did not recognize any portion of the collective net OPEB liability in the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Charter School. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

The total nonemployer OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation:	2.50%			
		TPAF	PERS	PFRS
Salary increases: Through 2026		1.55% - 3.05% based on years of service	2.00% - 6.00% based on age	3.25% - 15.25% based on age
Salary increases: Thereafter		1.55% - 3.05% based on years of service	3.00% - 7.00% based on age	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (T[PAF/ABP], "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projection from the current year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018, for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Discount Rate

The discount rate for June 30, 2019, was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability Reported by the State of New Jersey

	Charter School's Proportionate Share of the OPEB Liability	Total OPEB Liability
Balance at June 30, 2018, measurement date	<u>\$ 19,368,710</u>	<u>\$ 46,110,832,982</u>
Changes recognized for the fiscal year:		
Service cost	3,981,004	1,734,404,850
Interest on total OPEB liability	891,026	1,827,787,206
Effect of changes of assumptions	329,286	622,184,027
Effect of differences between expected and actual experience	(1,827,407)	(7,323,140,818)
Contributions from the members	20,096	37,971,171
Gross benefits paid by the State	<u>(677,937)</u>	<u>(1,280,958,373)</u>
Net changes	<u>2,716,068</u>	<u>(4,381,751,937)</u>
Balance at June 30, 2019, measurement date	<u>\$ 22,084,778</u>	<u>\$ 41,729,081,045</u>

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability as of June 30, 2019 and 2018, calculated using the discount rate as disclosed above, as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	2019		
	1% Decrease (2.50%)	At Discount Rate (3.50%)	1% Increase (4.50%)
Charter School's proportionate share of the net OPEB liability	<u>\$ 26,090,850</u>	<u>\$ 22,084,778</u>	<u>\$ 18,902,574</u>
Total OPEB liability	<u>\$ 49,298,534,898</u>	<u>\$ 41,729,081,045</u>	<u>\$ 35,716,321,820</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed on page 48 as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	2019		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Charter School's proportionate share of the net OPEB liability	\$ 18,196,873	\$ 22,084,778	\$ 27,231,566
Total OPEB liability	<u>\$ 34,382,902,820</u>	<u>\$ 41,729,081,045</u>	<u>\$ 51,453,912,586</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Charter School recognized OPEB expense of \$4,660,767 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

The State of New Jersey's total OPEB liability is \$41,729,081,045. Of this amount, the total OPEB liability attributable to the Charter School was \$22,084,778. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.0529%.

In accordance with GASB Statement 75, as the Charter School's does not recognize a liability for the proportionate share of the OPEB liability; there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (10,484,965,300)
Changes of assumptions	-	(8,481,529,343)
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>TBD</u>	<u>-</u>
Total	<u>TBD</u>	<u>\$ (18,966,494,643)</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</u>

10. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service (IRS) Code 403(b). The plan, which is administered by American Skandia Advisor Funds, Inc. and Primerica Financial Services, permits participants to defer a portion of their salaries until future years.

11. ECONOMIC DEPENDENCY

The Charter School receives approximately 98% 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.

12. CONTINGENT LIABILITIES

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the net position of the Charter School as of June 30, 2020, or on its changes in fund balances for the year then ended.

The Charter School is engaged in legal actions arising in the ordinary course of business. In the opinion of management and based upon consultation with legal counsel, the Charter School has adequate legal defenses and insurance coverage with respect to these actions or believes that the ultimate outcome will not have a material adverse effect on the Charter School's financial position or results of operations.

The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Charter School's operations and financial position. Any financial impact to the Charter School, if any, cannot be reasonably estimated at this time.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

13. 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.

New Jersey Unemployment Compensation - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

14. RECEIVABLES

Receivables as of June 30, 2020, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full.

A summary of the principle items of intergovernmental receivables are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivable accounts	\$ 2,085,518	\$ 1,589,848	\$ 113,427	\$ 3,788,793
Less - allowance for doubtful accounts	<u>538,813</u>	<u>-</u>	<u>-</u>	<u>538,813</u>
Receivables, net	<u>\$ 1,546,705</u>	<u>\$ 1,589,848</u>	<u>\$ 113,427</u>	<u>\$ 3,249,980</u>

As of June 30, 2020, approximately 44% of the Charter School's school-wide receivables were due from the State of New Jersey. The Charter School received 96% of its total general revenues through contracts from the State of New Jersey.

15. LONG-TERM DEBT

Note Payable

The Charter School has a note payable agreement with FOT (see Note 6). The note bears interest of 5% and includes borrowings up to \$11,692,940. Monthly interest-only payments of \$52,771 are due through December 2038, at which time monthly principal and interest payments are due through December 2048 (maturity). This note is secured by a building owned by the Charter School (see Note 4). The outstanding principal balance is \$11,084,594 as of June 30, 2020. Interest expense totaled \$620,585 for the year ended June 30, 2020.

Line of Credit

The Charter School maintains a revolving line of credit agreement with a bank. The agreement allowed for borrowings up to \$6,000,000. This line of credit is renewable annually and expires on June 30, 2023. There was no outstanding balance under this line of credit at June 30, 2020. Interest is payable at the London Interbank Offered Rate (LIBOR) plus 3%. Interest expense and fees totaled approximately \$84,000 for the year ended June 30, 2020. The loan is subject to certain guarantees and security interests on assets of the Charter School. The line of credit agreement contain various financial covenants with which the Charter School must comply. The Charter School is in compliance with these covenants at June 30, 2020.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2020

16. SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events occurring through the date of the independent auditor's report, which is the date the financial statements were available to be issued:

In September 2020, FOT and Affiliates (lessor) sold the long-term lease rights of 229 18th Avenue, Newark, New Jersey (the 18th Avenue Project), which is currently being leased to the Charter School, to Ashland (see Note 6) and donated all remaining interest in the property to the Charter School. Beginning in September 2020, the Charter School will make lease payments to Ashland through the remaining lease term of 85 years at which point they will receive title to the 18th Avenue Project.

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 as of June 30, 2020	\$ 11,875,075
Cost of capital assets, net of accumulated depreciation	17,795,521
Long-term liabilities - notes payable	(11,084,594)
Pension deferred outflows	8,275,723
Pension deferred inflows	(8,600,969)
Deferred pension liability as of June 30, 2020	<u>(14,051,726)</u>
Net position (per A-1) as of June 30, 2020	<u>\$ 4,209,030</u>

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

TEAM Academy Charter School, Inc.
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	<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	\$ 7,776,307	\$ -	\$ 7,776,307	\$ 10,484,071	\$ (2,707,764)
State share	69,986,764	-	69,986,764	68,630,238	1,356,526
Philanthropic Support	17,802	1,295,791	1,313,593	-	1,313,593
Miscellaneous	345,972	791,711	1,137,683	725,447	412,236
Total - Local Sources	<u>78,126,845</u>	<u>2,087,502</u>	<u>80,214,347</u>	<u>79,839,756</u>	<u>374,591</u>
Federal Sources:					
SEMI grant	<u>112,462</u>	-	<u>112,462</u>	233,178	(120,716)
State Sources:					
Categorical Aid:					
TPAF Social Security (Reimbursed)	2,485,325	-	2,485,325	2,256,230	229,095
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	1,884,827	(1,884,827)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	5,043,091	(5,043,091)
Total State Sources	<u>2,485,325</u>	<u>-</u>	<u>2,485,325</u>	<u>9,184,148</u>	<u>(6,698,823)</u>
Total revenues	<u>80,724,632</u>	<u>2,087,502</u>	<u>82,812,134</u>	<u>89,257,082</u>	<u>(6,444,948)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Teachers salaries	23,593,293	(188,797)	23,404,496	22,808,858	595,638
Other salaries	-	557,275	557,275	877,552	(320,277)
General education supplies	1,905,491	546,230	2,451,721	2,344,022	107,699
Textbooks	336,423	7,126	343,549	286,472	57,077
Miscellaneous expenses	2,458,897	(80,466)	2,378,431	1,090,474	1,287,957
Total Regular Programs - Instruction	<u>28,294,104</u>	<u>841,368</u>	<u>29,135,472</u>	<u>27,407,378</u>	<u>1,728,094</u>
General Administrative:					
Salaries	11,395,185	(1,821,706)	9,573,479	9,286,072	287,407
Cost of benefits	8,666,849	(569,102)	8,097,747	8,356,739	(258,992)
Purchased professional technical services	10,616,734	29,943	10,646,677	10,222,667	424,010
Communications and telephones	308,550	-	308,550	340,760	(32,210)
Supplies and materials	959,222	232,499	1,191,721	931,860	259,861
Interest on current loans	-	-	-	83,914	(83,914)
Miscellaneous expenses	1,524,095	(464,290)	1,059,805	1,269,063	(209,258)
Total General Administrative	<u>33,470,635</u>	<u>(2,592,656)</u>	<u>30,877,979</u>	<u>30,491,075</u>	<u>386,904</u>

TEAM Academy Charter School, Inc.
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Salaries	8,992,432	(1,045,978)	7,946,454	7,919,921	26,533
Purchased professional technical services	1,062,109	618,221	1,680,330	1,410,787	269,543
Other purchased services	1,804,425	(1,170)	1,803,255	1,600,762	202,493
Rental of land and building	7,031,196	10,690	7,041,886	6,928,562	113,324
Insurance	341,975	25,709	367,684	472,615	(104,931)
Supplies and materials	1,087,950	117,714	1,205,664	264,863	940,801
Energy and utilities	481,279	(5,000)	476,279	964,607	(488,328)
Miscellaneous expenses	600,000	128,629	728,629	69,233	659,396
Transportation other than to/from school	205,039	(58,150)	146,889	756,709	(609,820)
Total Support Services	<u>21,606,405</u>	<u>(209,335)</u>	<u>21,397,070</u>	<u>20,388,059</u>	<u>1,009,011</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>83,371,144</u>	<u>(1,960,623)</u>	<u>81,410,521</u>	<u>78,286,512</u>	<u>3,124,009</u>
CAPITAL OUTLAY:					
Instructional Equipment	1,159,802	(13,714)	1,146,088	900,233	245,855
Non-Instructional Equipment	300,000	-	300,000	82,886	217,114
Total Capital Outlay	<u>1,459,802</u>	<u>(13,714)</u>	<u>1,446,088</u>	<u>983,119</u>	<u>462,969</u>
TPAF Social Security (Reimbursed)	<u>2,485,325</u>	<u>-</u>	<u>2,485,325</u>	<u>2,256,230</u>	<u>229,095</u>
TPAF Medical (On-Behalf - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,884,827</u>	<u>(1,884,827)</u>
TPAF Pension (On-Behalf - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,043,091</u>	<u>(5,043,091)</u>
TOTAL EXPENDITURES - GENERAL FUND	<u>87,316,271</u>	<u>(1,974,337)</u>	<u>85,341,934</u>	<u>88,453,779</u>	<u>(3,111,845)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(6,591,639)</u>	<u>4,061,839</u>	<u>(2,529,800)</u>	<u>803,303</u>	<u>(3,333,103)</u>
Other Financing Sources (Uses):					
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,407,578)</u>	<u>1,407,578</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(6,591,639)</u>	<u>4,061,839</u>	<u>(2,529,800)</u>	<u>(604,275)</u>	<u>(1,925,525)</u>
Fund Balance, July 1	<u>12,479,350</u>	<u>-</u>	<u>12,479,350</u>	<u>12,479,350</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 5,887,711</u>	<u>\$ 4,061,839</u>	<u>\$ 9,949,550</u>	<u>\$ 11,875,075</u>	<u>\$ (1,925,525)</u>

TEAM Academy Charter School, Inc.
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources	\$ 4,251,409	\$ 361,977	\$ 4,613,386	\$ 4,636,353	\$ (22,967)
Philanthropic support	3,905,020	(1,748,489)	2,156,531	2,190,759	(34,228)
Total Revenues	<u>8,156,429</u>	<u>(1,386,512)</u>	<u>6,769,917</u>	<u>6,827,112</u>	<u>(57,195)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	294,118	251,554	545,672	730,554	(184,882)
Other salaries	-	-	-	5,046	(5,046)
General supplies	243,314	32,124	275,438	322,148	(46,710)
Purchased professional services	84,282	6,055	90,337	-	90,337
Miscellaneous	397,998	(240,677)	157,321	140,131	17,190
Total Instruction	<u>1,019,712</u>	<u>49,056</u>	<u>1,068,768</u>	<u>1,197,879</u>	<u>(129,111)</u>
Support Services:					
Support service salaries	678,880	2,816,097	3,494,977	3,496,746	(1,769)
Employee benefits	-	882,949	882,949	906,263	(23,314)
Purchased professional services	12,500	325,924	338,424	354,359	(15,935)
Supplies	22,000	31,249	53,249	-	53,249
Miscellaneous	830,434	101,116	931,550	871,865	59,685
Total Support Services	<u>1,543,814</u>	<u>4,157,335</u>	<u>5,701,149</u>	<u>5,629,233</u>	<u>71,916</u>
Total Expenditures	<u>2,563,526</u>	<u>4,206,391</u>	<u>6,769,917</u>	<u>6,827,112</u>	<u>(57,195)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 5,592,903</u>	<u>\$ (5,592,903)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

TEAM ACADEMY CHARTER SCHOOL, INC.

Required Supplementary Information Budgetary Comparison Schedule Note to RSI
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

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.

REQUIRED SUPPLEMENTARY INFORMATION PART III

TEAM Academy Charter School, Inc.
Schedule of Charter School Contributions - PERS
For the Fiscal Years Ended June 30*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the Net Position Liability (Asset)	0.077985	0.066462	0.005380	0.004202	0.001037	0.066001	0.081137
Charter School Proportionate Share of the Net Position Liability (Asset)	\$ 14,051,726	\$ 13,086,073	\$ 12,524,621	\$ 12,444,363	\$ 23,244,030	\$ 12,614,000	\$ 15,191,094
Charter School Covered Employee Payroll	\$ 9,448,682	\$ 5,919,705	\$ 5,349,757	\$ 3,283,230	\$ 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	148.72%	221.06%	234.12%	379.03%	707.96%	243.77%	231.09%
Plan Fiduciary Net Position as a percentage of the total pension liability	67.24%	45.24%	42.71%	48.10%	40.14%	47.93%	47.93%

* 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, Inc.
Schedule of Charter School Contributions - PERS
For the Fiscal Years Ended June 30*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 769,073	\$ 671,999	\$ 526,241	\$ 206,395	\$ 889,453	\$ 497,300	\$ 668,883
Contributions in relation to the contractually required contributions	(769,073)	(671,999)	(526,241)	(206,395)	(889,453)	(497,300)	(668,883)
Contribution deficit (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter School covered employee payroll	\$ 9,448,682	\$ 5,919,705	\$ 5,349,757	\$ 3,283,230	\$ 3,283,230	\$ 5,174,516	\$ 6,573,716
Contributions as a percentage of covered employee payroll	8.14%	11.35%	9.84%	6.29%	27.09%	9.61%	10.18%

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

TEAM Academy Charter School, Inc.
Schedule of Charter School Proportionate Share of Net Pension Liability - TPAF
For the Fiscal Years Ended June 30*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the Net Pension Liability (Asset)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate Share of the Net Pension Liability (Asset)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's Proportionate Share of the Net Pension Liability (Asset) associated with the Charter School	\$ 137,150,045	\$ 113,863,438	\$ 118,016,000	\$ 127,657,156	\$ 89,255,550	\$ 47,050,313	\$ 5,287,441
Total	<u>\$ 137,150,045</u>	<u>\$ 113,863,438</u>	<u>\$ 118,016,000</u>	<u>\$ 127,657,156</u>	<u>\$ 89,255,550</u>	<u>\$ 47,050,313</u>	<u>\$ 5,287,441</u>
Charter School covered employee payroll	\$ 30,780,072	\$ 28,114,729	\$ 28,491,556	\$ 18,484,922	\$ 13,676,988	\$ 12,022,491	\$ 15,247,271
Charter School Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

** 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, INC.

Schedule of TEAM Contributions - TPAF
For the Fiscal Year Ended June 30, 2020

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 twenty-five 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 (set back one year for males and females) with adjustments for mortality improvements from the base year of 2013 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 twenty-five 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 fifteen 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 seven years to account for future mortality improvement.

TEAM Academy Charter School, Inc.
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios - PERS and TPAF
For the Fiscal Years Ended June 30*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Changes for the Year:			
Service cost	\$ 3,981,004	\$ 3,548,125	\$ 4,343,034
Interest cost	891,026	874,123	711,227
Changes of assumptions	329,286	(2,222,656)	(4,312,831)
Changes between expected and actual expenditures	(1,827,407)	(3,447,397)	-
Member contributions	20,096	17,900	18,010
Gross benefit payments	<u>(677,937)</u>	<u>(517,912)</u>	<u>(489,104)</u>
Net change in total OPEB liability	2,716,068	(1,747,817)	270,336
Total OPEB liability - beginning of year	<u>19,368,710</u>	<u>21,116,527</u>	<u>20,846,191</u>
Total OPEB liability - end of year	<u><u>\$ 22,084,778</u></u>	<u><u>\$ 19,368,710</u></u>	<u><u>\$ 21,116,527</u></u>
Covered employee payroll - PERS and TPAF	\$ 6,671,333	\$ 4,925,342	\$ 4,926,940
Total OPEB liability as a percentage of covered employee payroll	331%	393%	429%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.05%	0.04%	0.04%
Charter School's contributions	\$ -	\$ -	\$ -

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

Notes to Schedule:

Changes of Benefits Terms - none

Changes of Assumptions - The discount rate changed from 3.87% to 3.5%.

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, Inc.
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Total</u>	<u>E.S.S.A.</u>	<u>IDEA Part B-Basic Reg. Prog.</u>	<u>SEED</u>	<u>CSP</u>	<u>KIPP NJ</u>	<u>Other Private Grants</u>
REVENUES:							
Intergovernmental:							
Federal	\$ 4,636,353	\$ 3,516,367	\$ 991,985	\$ 128,001	\$ -	\$ -	\$ -
Other Sources:							
Miscellaneous	<u>2,190,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>893,593</u>	<u>1,178,813</u>	<u>118,353</u>
Total Revenues	<u>6,827,112</u>	<u>3,516,367</u>	<u>991,985</u>	<u>128,001</u>	<u>893,593</u>	<u>1,178,813</u>	<u>118,353</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	735,600	534,990	-	-	195,564	-	5,046
General supplies	129,714	35,903	-	-	80,523	-	13,288
Instructional supplies	192,435	-	-	-	192,435	-	-
Miscellaneous	<u>140,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,731</u>	<u>23,399</u>
Total Instruction	<u>1,197,879</u>	<u>570,893</u>	<u>-</u>	<u>-</u>	<u>468,522</u>	<u>116,731</u>	<u>41,733</u>
Support Services:							
Support services salaries	3,496,746	2,037,723	991,985	128,001	123,153	150,884	65,000
Employee benefits	906,263	900,450	-	-	-	5,813	-
Purchased professional services	354,359	-	-	-	301,305	53,054	-
Miscellaneous	<u>871,865</u>	<u>7,301</u>	<u>-</u>	<u>-</u>	<u>613</u>	<u>852,331</u>	<u>11,620</u>
Total Support Services	<u>5,629,233</u>	<u>2,945,474</u>	<u>991,985</u>	<u>128,001</u>	<u>425,071</u>	<u>1,062,082</u>	<u>76,620</u>
Total Expenditures	<u>6,827,112</u>	<u>3,516,367</u>	<u>991,985</u>	<u>128,001</u>	<u>893,593</u>	<u>1,178,813</u>	<u>118,353</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

Capital Projects funds are used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**TEAM Academy Charter School, Inc.
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
300 N. 13 th Street facility - Purchase and renovation of existing classrooms including, but not limited to, new ceilings, flooring, and painting.	9/28/2018	<u>\$ 8,075,312</u>	<u>\$ 7,041,200</u>	<u>\$ 1,034,112</u>	<u>\$ -</u>
Totals		<u>\$ 8,075,312</u>	<u>\$ 7,041,200</u>	<u>\$ 1,034,112</u>	<u>\$ -</u>

TEAM Academy Charter School, Inc.
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Expenditures:

Administrative:

Interest expense	\$ 620,585
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Capital Outlay:

Construction in process	<u>1,034,112</u>
-------------------------	------------------

Total expenditures	<u>1,654,697</u>
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Deficit of revenues under expenditures	<u>(1,654,697)</u>
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Other Financing Sources:

Issuance of notes payable	1,147,871
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Transfers from General Fund	<u>1,102,456</u>
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Total other financing sources	<u>2,250,327</u>
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Income before contributions	<u>595,630</u>
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Net change in fund balance	595,630
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Fund balance, July 1, 2019	<u>(595,630)</u>
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Fund balance, June 30, 2020	<u><u>\$ -</u></u>
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TEAM Academy Charter School, Inc.
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
300 N. 13th Street Facility
From Inception and for the Year Ended June 30, 2020

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Issuance of note payable	\$ 6,445,570	\$ 1,147,871	\$ 7,593,441
Transfers from general fund	-	1,102,456	1,102,456
	<u>6,445,570</u>	<u>2,250,327</u>	<u>8,695,897</u>
Expenditures and Other Financing Uses:			
Building purchase	6,069,900	-	6,069,900
Building improvements	971,300	1,034,112	2,005,412
Interest expense	-	620,585	620,585
	<u>7,041,200</u>	<u>1,654,697</u>	<u>8,695,897</u>
Excess (deficit) of revenues over (under) expenses	<u>\$ (595,630)</u>	<u>\$ 595,630</u>	<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.

TEAM Academy Charter School, Inc.
Statement of Net Position
Proprietary Fund
As of June 30, 2020

	Business-type Activities - Enterprise Fund <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 95,959
Accounts receivable:	
Federal receivables	111,716
State	783
Other	<u>928</u>
Total assets	<u><u>\$ 209,386</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 209,386
NET POSITION:	
Unrestricted	<u>-</u>
Total net position and liabilities	<u><u>\$ 209,386</u></u>

TEAM Academy Charter School, Inc.
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Business-type Activities - Enterprise Fund Food Service</u>
Operating Revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 100,597
Daily sales - nonreimbursable programs	<u>68,128</u>
Total operating revenues	<u>168,725</u>
Operating Expenses:	
Cost of sales - reimbursable programs	3,039,884
Salaries	117,201
Costs of benefits	<u>7,705</u>
Total operating expenses	<u>3,164,790</u>
Operating loss	<u>(2,996,065)</u>
Nonoperating Revenues:	
State sources:	
State school lunch program	25,362
Federal sources:	
National school lunch program	1,830,005
School breakfast program	710,809
Fresh fruit and vegetable program	<u>124,767</u>
Total nonoperating revenues	<u>2,690,943</u>
Loss before contributions and transfers	(305,122)
Transfer from General Fund to Subsidize Loss	<u>305,122</u>
Change in net position	-
Total Net Position - beginning of year	<u>-</u>
Total Net Position - ending of year	<u><u>\$ -</u></u>

TEAM Academy Charter School, Inc.
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

Cash Flows from Operating Activities:

Receipts from customers	\$ 220,907
Payments to suppliers	(3,437,954)
Payments to employees	<u>(124,906)</u>
Net cash used in operating activities	<u>(3,341,953)</u>

Cash Flows from Noncapital Financing Activities:

State and Federal sources	3,119,111
Transfers from General Fund in to subsidize loss	<u>305,122</u>
Net cash provided by non-capital financing activities	<u>3,424,233</u>

Net increase in cash and cash equivalents 82,280

Cash and Cash Equivalents, beginning of year 13,679

Cash and Cash Equivalents, end of year \$ 95,959

Reconciliation of Operating Loss to Net Cash used for Operating Activities:

Operating loss	
Adjustments to reconcile operating loss to net cash used in operating activities:	\$ (2,996,065)
Changes in operating assets and liabilities:	
Increase in other receivables	52,182
Increase in accounts payable	<u>(398,070)</u>
Net cash used in operating activities	<u><u>\$ (3,341,953)</u></u>

FIDUCIARY FUND

TEAM Academy Charter School, Inc.
Combining Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2020

	<u>Flex Spending Account</u>	<u>Agency Fund Payroll</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 1,249,044	\$ 728,690	\$ 1,977,734
LIABILITIES:			
Payroll deductions and withholdings	\$ 804,295	\$ 728,690	\$ 1,532,985
Due to related party	444,749	-	444,749
Total liabilities	1,249,044	728,690	1,977,734
NET POSITION:			
Reserve for Unemployment Trust Fund	-	-	-
Total liabilities and net position	\$ 1,249,044	\$ 728,690	\$ 1,977,734

TEAM Academy Charter School, Inc.
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
As of June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash	<u>\$ 362,843</u>	<u>\$ 50,454,116</u>	<u>\$ 50,088,269</u>	<u>\$ 728,690</u>
Total assets	<u><u>\$ 362,843</u></u>	<u><u>\$ 50,454,116</u></u>	<u><u>\$ 50,088,269</u></u>	<u><u>\$ 728,690</u></u>
LIABILITIES:				
Payroll deductions and withholdings	<u><u>\$ 362,843</u></u>	<u><u>\$ 50,454,116</u></u>	<u><u>\$ 50,088,269</u></u>	<u><u>\$ 728,690</u></u>

STATISTICAL SECTION

This part of the TEAM Academy Charter School, Inc.'s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Charter School's overall financial health.

Contents

Exhibits

Financial Trends

J-1 to J-5

These schedules contain trend information to help the reader understand how the Charter School's financial performance and well-being have changed over time.

Revenue Capacity

J-6 to J-9

These schedules contain information to help the reader assess the Charter School's most significant local revenue source, the property tax.

Debt Capacity

J-10 to J-13

These schedules present information to help the reader assess the affordability of the Charter School's current levels of outstanding debt and the Charter School's ability to issue additional debt in the future.

Demographic and Economic Information

J-14 and J-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Charter School's financial activities take place.

Operating Information

J-16 to J-21

These schedules contain service and infrastructure data to help the reader understand how the information in the Charter School's financial report relates to the services the Charter School provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

FINANCIAL TRENDS

TEAM Academy Charter School, Inc.
Net Position by Component
For the Fiscal Years Ended June 30
(Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u> (As Restated)	<u>2017</u>	<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	\$ 6,710,927	\$ 9,986,070	\$ 6,427,542	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255
Restricted for capital projects	-	(595,630)	-	-	-	-	-	-	-	-
Unrestricted	<u>(2,501,897)</u>	<u>(4,510,904)</u>	<u>(4,107,244)</u>	<u>(6,247,865)</u>	<u>(4,521,042)</u>	<u>(2,099,558)</u>	<u>(3,267,315)</u>	<u>6,931,537</u>	<u>4,248,784</u>	<u>2,355,554</u>
Total governmental activities net position	<u>\$ 4,209,030</u>	<u>\$ 4,879,536</u>	<u>\$ 2,320,298</u>	<u>\$ (1,768,011)</u>	<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:										
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,924</u>	<u>\$ 40,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,924</u>	<u>\$ 40,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide:										
Invested in capital assets, net of related debt	\$ 6,710,927	\$ 9,986,070	\$ 6,427,542	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365	\$ 2,228,122	\$ 1,546,213	\$ 870,255
Restricted for capital projects	-	(595,630)	-	-	-	-	-	-	-	-
Unrestricted	<u>(2,501,897)</u>	<u>(4,510,904)</u>	<u>(4,052,320)</u>	<u>(6,207,723)</u>	<u>(4,521,042)</u>	<u>(2,099,558)</u>	<u>(3,267,315)</u>	<u>6,931,537</u>	<u>4,248,784</u>	<u>2,355,554</u>
Total school-wide net position	<u>\$ 4,209,030</u>	<u>\$ 4,879,536</u>	<u>\$ 2,375,222</u>	<u>\$ (1,727,869)</u>	<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>

TEAM Academy Charter School, Inc.
Changes in Net Position
For the Fiscal Years Ended June 30
(Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 28,605,257	\$ 26,093,302	\$ 26,632,259	\$ 25,522,672	\$ 23,810,908	\$ 23,159,756	\$ 19,613,079	\$ 14,787,627	\$ 12,636,140	\$ 10,809,131
Support services:										
General administration	31,111,660	24,004,333	23,335,481	18,337,847	25,090,283	19,244,447	15,041,641	11,512,696	8,491,199	7,406,276
School administrative services	26,017,292	27,026,737	20,304,734	30,178,176	12,291,309	10,368,962	8,218,592	7,452,360	5,960,417	5,055,905
On-behalf and reimbursed TPAF Social Security and pension	9,184,148	8,702,511	6,314,121	18,844,747	4,200,680	3,232,391	2,219,464	2,214,444	1,346,536	681,572
Capital outlay	2,017,231	11,014,967	-	-	-	-	-	-	-	-
Transfers	305,122	89,666	-	-	-	-	-	-	-	-
Unallocated depreciation	1,248,980	677,981	298,625	270,914	-	189,294	177,466	152,892	91,984	70,280
Total governmental activities expenses	<u>98,489,690</u>	<u>97,609,497</u>	<u>76,885,220</u>	<u>93,154,356</u>	<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	3,164,790	3,652,988	3,239,842	3,058,019	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554
Total business-type activities expense	<u>3,164,790</u>	<u>3,652,988</u>	<u>3,239,842</u>	<u>3,058,019</u>	<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>\$ 101,654,480</u>	<u>\$ 101,262,485</u>	<u>\$ 80,125,062</u>	<u>\$ 96,212,375</u>	<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:										
Operating grants and contributions	\$ 6,827,112	\$ 6,620,103	\$ 4,479,955	\$ 4,716,404	\$ 6,568,740	\$ 6,050,145	\$ 6,172,992	\$ 4,759,221	\$ 3,875,353	\$ 3,817,944
Total governmental activities program revenues	<u>6,827,112</u>	<u>6,620,103</u>	<u>4,479,955</u>	<u>4,716,404</u>	<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 and transfers	473,847	428,994	424,209	374,154	2,795,185	2,416,922	1,611,326	1,241,906	1,055,713	927,554
Non-operating grants and contributions	2,690,943	3,169,070	2,830,415	2,724,007	-	-	-	-	-	-
Total business type activities program revenues	<u>3,164,790</u>	<u>3,598,064</u>	<u>3,254,624</u>	<u>3,098,161</u>	<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 district program revenues	<u>\$ 9,991,902</u>	<u>\$ 10,218,167</u>	<u>\$ 7,734,579</u>	<u>\$ 7,814,565</u>	<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	\$ (91,662,578)	\$ (90,989,394)	\$ (72,405,265)	\$ (88,437,952)	\$ (58,824,440)	\$ (50,144,705)	\$ (39,097,250)	\$ (31,360,798)	\$ (24,650,923)	\$ (20,205,220)
Business-type activities	-	(54,924)	14,782	40,142	-	-	-	-	-	-
Total school-wide net expense	<u>\$ (91,662,578)</u>	<u>\$ (91,044,318)</u>	<u>\$ (72,390,483)</u>	<u>\$ (88,397,810)</u>	<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>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxed levied for general purposes	\$ 10,484,071	\$ 9,126,886	\$ 11,612,625	\$ 7,950,107	\$ 7,346,040	\$ 6,353,278	\$ 5,056,561	\$ 3,788,611	\$ 3,010,932	\$ 2,536,038
Grants and contributions	78,047,564	72,597,342	61,800,995	59,008,384	50,007,326	44,447,903	35,817,211	29,115,452	23,414,552	18,102,108
Miscellaneous income	725,447	713,483	1,458,565	1,403,171	663,448	1,166,554	558,318	1,821,397	794,627	831,251
Increase in net capital outlay	2,017,231	11,014,967	*	*	*	*	*	*	*	*
Total governmental activities	<u>91,274,313</u>	<u>93,452,678</u>	<u>74,872,185</u>	<u>68,361,662</u>	<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>
Total school-wide	<u>\$ 91,274,313</u>	<u>\$ 93,452,678</u>	<u>\$ 74,872,185</u>	<u>\$ 68,361,662</u>	<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 (before change in pension):										
Governmental activities	\$ (388,265)	\$ 2,463,284	\$ 2,466,920	\$ (20,076,290)	\$ (807,626)	\$ 1,823,030	\$ 2,334,840	\$ 3,364,662	\$ 2,569,188	\$ 1,264,177
Business-type activities	-	(54,924)	14,782	40,142	-	-	-	-	-	-
Total school	<u>\$ (388,265)</u>	<u>\$ 2,408,360</u>	<u>\$ 2,481,702</u>	<u>\$ (20,036,148)</u>	<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>

* Information not provided on prior year schedules

TEAM Academy Charter School, Inc.
Statement of Net Position
GASB to FASB Reconciliation
As of June 30, 2020

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
ASSETS:						
Cash and cash equivalents	\$ 14,486,823	\$ 95,959	\$ 1,977,734	\$ 16,560,516	\$ -	\$ 16,560,516
Receivables, net	3,136,553	113,427	-	3,249,980	-	3,249,980
Due from related parties	677,003	-	-	677,003	-	677,003
Prepaid expenses	845,516	-	-	845,516	-	845,516
Deferred rent receivable	-	-	-	-	186,375 (1)	186,375
Capital assets, net	17,795,521	-	-	17,795,521	462,292 (2)	18,257,813
Total assets	<u>36,941,416</u>	<u>209,386</u>	<u>1,977,734</u>	<u>39,128,536</u>	<u>648,667</u>	<u>39,777,203</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Pension deferred outflows	8,275,723	-	-	8,275,723	-	8,275,723
Total assets and deferred outflow of resources	<u>\$ 45,217,139</u>	<u>\$ 209,386</u>	<u>\$ 1,977,734</u>	<u>\$ 47,404,259</u>	<u>\$ 648,667</u>	<u>\$ 48,052,926</u>
LIABILITIES:						
Intergovernmental payables - state	\$ 754,722	\$ -	\$ -	\$ 754,722	\$ -	\$ 754,722
Accounts payable	4,290,383	209,386	-	4,499,769	-	4,499,769
Accrued expenses	53,041	-	-	53,041	-	53,041
Payroll deductions and withholdings	-	-	1,532,985	1,532,985	-	1,532,985
Due to related party	2,172,674	-	444,749	2,617,423	-	2,617,423
Deferred rent payable	-	-	-	-	3,887,912 (3)	3,887,912
Notes payable	11,084,594	-	-	11,084,594	-	11,084,594
Net pension liability	14,051,726	-	-	14,051,726	-	14,051,726
Total liabilities	<u>32,407,140</u>	<u>209,386</u>	<u>1,977,734</u>	<u>34,594,260</u>	<u>3,887,912</u>	<u>38,482,172</u>
DEFERRED INFLOWS OF RESOURCES:						
Pension deferred inflows	8,600,969	-	-	8,600,969	-	8,600,969
Total liabilities and deferred inflow of resources	<u>41,008,109</u>	<u>209,386</u>	<u>1,977,734</u>	<u>43,195,229</u>	<u>3,887,912</u>	<u>47,083,141</u>
NET POSITION:						
Invested in capital assets, net of capital debt	6,710,927	-	-	6,710,927	-	6,710,927
Unrestricted	(2,501,897)	-	-	(2,501,897)	(3,239,245) (4)	(5,741,142)
Total net position	<u>4,209,030</u>	<u>-</u>	<u>-</u>	<u>4,209,030</u>	<u>(3,239,245)</u>	<u>969,785</u>
Total net position and liabilities	<u>\$ 45,217,139</u>	<u>\$ 209,386</u>	<u>\$ 1,977,734</u>	<u>\$ 47,404,259</u>	<u>\$ 648,667</u>	<u>\$ 48,052,926</u>
Fund Balance, June 30, 2020 - B-1	\$ 11,875,075					\$ 8,353,589
Cost of capital assets, net of accumulated depreciation	17,795,521					17,795,521
Net change in pension (fund to school-wide reconciliation)	-					282,241
Principal balance of notes payable	(11,084,594)					(11,084,594)
Net position before pension adjustments	18,586,002					15,346,757
Less - pension, net (deficit)	(14,376,972)					(14,376,972)
Total net position, June 30, 2020	<u>\$ 4,209,030</u>					<u>\$ 969,785</u>

Notes:

- (1) FASB reconciliation to add FASB straight-line impact of deferred rent receivable.
(2) FASB reconciliation to add construction interest expensed under GASB to be capitalized under FASB.
(3) FASB reconciliation to add FASB straight-line impact of deferred rent payable.
(4) Ending accumulated impact of GASB to FASB reconciliation.

TEAM Academy Charter School, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balances
GASB to FASB Reconciliation
For the Year Ended June 30, 2020

	Governmental Funds			Total Governmental Funds	Proprietary Funds	Total Funds (GASB)	GASB to FASB Reconciliation	Total Funds (FASB)
	General Fund	Special Revenue Fund	Capital Projects Fund		Business-type Activities - Enterprise Fund			
REVENUES:								
Local sources:								
Local share	\$ 10,484,071	\$ -	\$ -	\$ 10,484,071	\$ -	\$ 10,484,071	\$ -	\$ 10,484,071
State share	68,630,238	-	-	68,630,238	-	68,630,238	-	68,630,238
Philanthropic support	-	2,190,759	-	2,190,759	-	2,190,759	-	2,190,759
Miscellaneous	725,447	-	-	725,447	168,725	894,172	-	894,172
Total - local sources	79,839,756	2,190,759	-	82,030,515	168,725	82,199,240	-	82,199,240
Federal sources	233,178	4,636,353	-	4,869,531	2,665,581	7,535,112	-	7,535,112
State sources	9,184,148	-	-	9,184,148	25,362	9,209,510	-	9,209,510
Total revenues	89,257,082	6,827,112	-	96,084,194	2,859,668	98,943,862	-	98,943,862
EXPENDITURES:								
Current:								
Instruction	27,407,378	1,197,879	-	28,605,257	-	28,605,257	-	28,605,257
Administrative	30,491,075	-	620,585	31,111,660	-	31,111,660	-	31,111,660
Support Services	20,388,059	5,629,233	-	26,017,292	3,164,790	29,182,082	813,545 (2)	29,995,627
TPAF Social Security (Reimbursed)	2,256,230	-	-	2,256,230	-	2,256,230	-	2,256,230
TPAF Pension (On-Behalf - Non-Budgeted)	1,884,827	-	-	1,884,827	-	1,884,827	-	1,884,827
TPAF Pension (On-Behalf - Non-Budgeted)	5,043,091	-	-	5,043,091	-	5,043,091	-	5,043,091
Capital outlay	983,119	-	1,034,112	2,017,231	-	2,017,231	(2,017,231) (3)	-
Depreciation expense	-	-	-	-	-	-	1,248,980 (4)	1,248,980
Total expenditures	88,453,779	6,827,112	1,654,697	96,935,588	3,164,790	100,100,378	45,294	100,145,672
Excess of revenues over expenditures	803,303	-	(1,654,697)	(851,394)	(305,122)	(1,156,516)	(45,294)	(1,201,810)
OTHER FINANCING SOURCES (USES):								
Issuance of note payable	-	-	1,147,871	1,147,871	-	1,147,871	(1,147,871) (5)	-
Net change in pension (fund to school-wide reconciliation)	(282,241) (6)	-	-	(282,241)	-	(282,241)	-	(282,241)
Transfers between funds	(1,407,578)	-	1,102,456	(305,122)	305,122	-	-	-
Total other financing sources and uses	(1,689,819)	-	2,250,327	560,508	305,122	865,630	(1,147,871)	(282,241)
Net change in fund balances	(886,516)	-	595,630	(290,886)	-	(290,886)	(1,193,165)	(1,484,051)
Fund Balance - July 1, 2019	12,479,350	-	(595,630)	11,883,720	-	11,883,720	(2,425,700) (1)	9,458,020
Net change in capital assets (fund to school-wide reconciliation)	-	-	-	-	-	-	(768,251) (3) (4)	(768,251)
Net change in note payable (fund to school-wide reconciliation)	-	-	-	-	-	-	1,147,871 (5)	1,147,871
Fund Balance - June 30, 2020	<u>\$ 11,592,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,592,834</u>	<u>\$ -</u>	<u>\$ 11,592,834</u>	<u>\$ (3,239,245)</u>	<u>\$ 8,353,589</u>

Notes:

- (1) Beginning accumulated impact of GASB to FASB reconciliation.
- (2) FASB reconciliation to additional rent expense due to straight-line impact under FASB.
- (3) FASB reconciliation to remove capital outlay expense under GASB Fund Accounting to be capitalized under FASB.
- (4) FASB reconciliation to include depreciation expense of capital assets.
- (5) FASB reconciliation to remove revenue of FY2020 loan proceeds .
- (6) FASB reconciliation to add net change in pension.

TEAM Academy Charter School, Inc.
Statement of Cash Flows - FASB
For the Year Ended June 30, 2020

Cash Flows from Operating Activities:

Changes in fund balance	\$ (1,484,051)
Adjustment to reconcile changes in fund balance to net cash provided by operating activities:	
Pension deferred outflows	720,785
Pension deferred inflows	(1,404,197)
Depreciation	1,248,980
Bad debt	773,858
Changes in operating assets and liabilities:	
Receivables	(310,806)
Due from related parties	1,887,930
Prepaid expenses	(47,730)
Deferred rent receivable	267,000
Intergovernmental payables - state	165,803
Accounts payable	364,398
Accrued expenses	(449,449)
Payroll deductions and withholdings	1,126,618
Due to related party	15,353
Deferred rent payable	546,545
Net pension liability	<u>965,653</u>
Net cash provided by operating activities	4,386,690

Cash Flows from Investing Activities:

Purchases of capital assets	(2,017,231)
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Cash Flows from Financing Activities:

Proceeds from note payable	<u>1,147,871</u>
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Net Change in Cash

3,517,330

Cash:

Beginning of year	<u>13,043,186</u>
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End of year	<u><u>\$ 16,560,516</u></u>
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TEAM Academy Charter School, Inc.
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental Fund:										
Unreserved	\$ 11,875,075	\$ 12,479,350	\$ 9,900,676	\$ 8,585,810	\$ 9,598,933	\$ 10,406,559	\$ 9,235,134	\$ 6,931,537	\$ 4,248,784	\$ 2,355,554
Reserved	-	(595,630)	-	-	-	-	-	-	-	-
Total Governmental Fund	<u>\$ 11,875,075</u>	<u>\$ 11,883,720</u>	<u>\$ 9,900,676</u>	<u>\$ 8,585,810</u>	<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>

TEAM Academy Charter School, Inc.
Changes in Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:											
Local tax levy	\$ 10,484,071	\$ 9,126,866	\$ 11,612,625	\$ 7,950,107	\$ 7,346,040	\$ 6,353,278	\$ 5,056,561	\$ 3,788,611	\$ 3,010,932	\$ 2,536,038	\$ 1,978,975
State sources	77,814,386	72,356,909	61,680,371	58,714,071	50,082,359	43,607,004	35,608,502	28,280,651	22,646,610	17,588,307	13,972,841
Federal sources	4,869,531	4,871,200	3,636,969	3,772,840	4,935,021	2,712,706	2,764,307	2,349,180	1,866,545	1,786,342	1,205,902
Philanthropic support	2,190,759	1,989,336	*	*	*	*	*	*	*	*	*
Miscellaneous	725,447	713,483	1,458,565	1,403,171	5,017,319	4,503,993	3,967,003	4,231,938	2,803,425	2,862,853	1,314,771
Financing	1,147,871	9,936,723	-	-	-	-	-	-	-	-	-
Total revenues	<u>97,232,065</u>	<u>98,994,517</u>	<u>78,388,530</u>	<u>71,840,189</u>	<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>	<u>18,472,489</u>
Expenditures											
Instruction:											
Regular instruction	28,605,257	26,093,302	26,632,259	25,522,672	26,399,203	24,540,362	22,555,890	17,183,075	14,073,342	12,414,050	9,349,480
Support Services:											
General administration	31,111,660	24,004,333	23,335,481	23,325,550	26,702,668	21,096,232	14,318,294	11,332,192	8,400,523	6,482,929	5,694,645
Support services	26,017,292	27,026,737	26,618,855	24,476,838	14,487,896	9,309,491	8,009,883	6,758,013	5,192,475	4,646,565	3,582,598
TPAF Social Security and Pension	9,184,148	8,702,511	**	**	**	**	**	**	**	**	**
Capital outlay	2,017,231	11,014,967	1,450,679	766,194	598,598	1,059,471	208,709	694,347	767,942	409,340	44,274
Transfers	305,122	89,666	-	-	-	-	-	-	-	-	-
Total expenditures	<u>97,240,710</u>	<u>96,931,516</u>	<u>78,037,274</u>	<u>74,091,254</u>	<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>	<u>18,670,997</u>
Excess (deficit) of revenues over (under) expenditures	<u>(8,645)</u>	<u>2,063,001</u>	<u>351,256</u>	<u>(2,251,065)</u>	<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>	<u>(198,508)</u>
Net change in fund balances	<u>\$ (8,645)</u>	<u>\$ 2,063,001</u>	<u>\$ 351,256</u>	<u>\$ (2,251,065)</u>	<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>	<u>\$ (198,508)</u>
Debt Service as a percentage of Noncapital Expenditures	1.21%	11.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Philanthropic support amounts were grouped with miscellaneous in prior year schedules.

** TPAF Social Security and Pension amounts were not included in prior year schedules.

TEAM Academy Charter School, Inc.
General Fund - Other Local Revenue by Source
For the Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

	<u>E-Rate</u>	<u>Private Grants</u>	<u>Other Local</u>	<u>Totals</u>
2011	\$ -	\$ -	\$ 831,251	\$ 831,251
2012	-	-	794,627	794,627
2013	1,427,459	55,635	338,531	1,821,625
2014	80,161	249,507	228,650	558,318
2015	452,349	417,126	299,329	1,168,804
2016	111,716	-	663,448	775,164
2017	783	1,403,171	-	1,403,954
2018	928	409,988	1,048,577	1,459,493
2019	220,846	303,493	189,144	713,483
2020	293,858	431,589	-	725,447

Source: Charter School Financial Statements

DEBT CAPACITY

**TEAM Academy Charter School, Inc.
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2020**

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>				<u>Business-type Activities</u>	<u>Total Charter School</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Mortgage Payable</u>	<u>Capital Leases</u>	<u>Note Payable</u>	<u>Capital Leases</u>			
2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,084,594</u>	<u>\$ -</u>	<u>\$ 11,084,594</u>	*	*

Source: Charter School Financial Statements

Note: Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements (Note 15)

* Data was not available at time of issuance.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**TEAM Academy Charter School, Inc.
Demographic and Economic Statistics
For the Fiscal Year Ended June 30, 2020**

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2011	785,531	42,595,367	54,225	10.8%
2012	785,137	43,221,035	55,049	10.7%
2013	786,817	43,901,800	55,797	9.7%
2014	788,975	46,130,978	58,470	8.0%
2015	790,508	48,091,245	60,836	6.9%
2016	792,617	49,342,951	62,253	6.0%
2017	795,908	51,122,668	64,232	5.7%
2018	799,767	53,951,668	67,459	5.2%
2019	*	*	*	4.5%
2020	*	*	*	10.8%

Source:

- ^a Population information provided by the NJ Dept. of Labor and Workforce Development.
 - ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
 - ^c Personal capital income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
 - ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- * Data was not available at time of issuance.

TEAM Academy Charter School, Inc.
Principal Employers
For the Fiscal Year Ended June 30, 2020

<u>Employer</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION NOT AVAILABLE.

OPERATING INFORMATION

TEAM Academy Charter School, Inc.
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction:									
Regular	295	252	362	275	273	239	193	181	126
Special education	178	82	28	32	30	32	30	5	4
Vocational	9	8	-	-	-	-	-	-	-
Other instruction	16	20	-	-	-	-	-	-	-
Support Services:									
School administrative services	159	153	56	36	36	36	76	78	76
Student and instruction related services	56	49	35	39	39	39	38	40	27
Administrative information technology	9	11	5	-	-	-	-	-	-
Food service	1	1	1	-	-	-	-	-	-
Total	<u>723</u>	<u>576</u>	<u>487</u>	<u>382</u>	<u>378</u>	<u>346</u>	<u>337</u>	<u>304</u>	<u>233</u>

Source: School Personnel Records

TEAM Academy Charter School, Inc.
 Operating Statistics
 For the Fiscal Years Ended June 30

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2010	1,033	\$ 16,557,707	\$ 16,029	-5.11%	133	1:12	1:12	1:12	1,033	998	34.86%	96.61%
2011	1,262	23,952,884	18,980	18.41%	121	1:12	1:12	1:12	1,262	1,204	22.17%	95.40%
2012	1,476	28,434,292	19,264	1.50%	142	1:12	1:12	1:12	1,482	1,452	17.43%	97.98%
2013	1,767	35,967,127	20,355	5.66%	205	1:12	1:12	1:12	1,783	1,681	20.31%	94.28%
2014	2,203	45,092,776	20,469	0.56%	223	1:12	1:12	1:12	2,203	2,073	23.56%	94.10%
2015	2,807	58,422,478	20,813	1.68%	239	1:12	1:12	1:12	2,807	2,641	27.42%	94.09%
2016	3,249	68,027,990	20,938	0.60%	273	1:12	1:12	1:12	3,249	3,054	15.75%	94.00%
2017	3,702	73,325,060	19,807	-5.40%	307	1:12	1:12	1:12	3,702	3,628	13.94%	98.00%
2018	4,073	76,586,595	18,803	-5.07%	390	1:12	1:12	1:12	4,073	3,992	10.02%	98.01%
2019	4,368	80,777,360	18,493	-1.65%	434	1:13	1:14	1:13	4,368	4,047	7.24%	92.65%
2020	4,740	88,898,999	18,755	-0.26%	580	1:12	1:12	1:11	4,722	4,416	8.10%	93.52%

Sources: School records

**TEAM Academy Charter School, Inc.
School Building Information
For the Fiscal Years Ended June 30**

<u>District Building</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
KIPP SPARK Academy (ES#1)										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	555	557	562	560	561	548	520	419	307	193
KIPP TEAM Academy (MS#1)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	448	448	448	448	448	448	448	448	448	448
Enrollment	448	446	435	431	434	409	402	383	366	349
KIPP Rise Academy (MS#2)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (students)	448	448	448	448	448	448	448	448	448	448
Enrollment	449	448	433	453	450	424	405	391	369	362
KIPP Newark Collegiate Academy (HS#1)										
Square Feet	104,221	104,221	104,221	104,221	104,221	104,221	650,000	650,000	650,000	650,000
Capacity (students)	800	800	800	800	800	800	650	650	650	650
Enrollment	796	780	672	606	601	659	552	469	434	358
KIPP THRIVE Academy (ES#2) and KIPP BOLD Academy (MS#3)										
Square Feet	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556
Capacity (students)	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Enrollment	1,035	1,010	890	782	757	542	216	105		
KIPP Seek Academy (ES#3)										
Square Feet	138,571	138,571	138,571	138,571	138,571	138,571	138,571			
Capacity (students)	560	560	560	560	560	560	560			
Enrollment	558	556	560	448	330	225	108			
KIPP Life Academy (ES#4)										
Square Feet	63,000	63,000	63,000	63,000	63,000					
Capacity (students)	600	600	600	600	600					
Enrollment	574	571	521	422	116					
KIPP Upper Roseville Academy (ES#5)										
Square Feet	133,462									
Capacity (students)	2,470									
Enrollment	118									
KIPP Newark Community Prep (MS#4) and KIPP Newark Lab High School (HS#2)										
Square Feet	63,885									
Capacity (students)	1,538									
Enrollment	207									

Number of Schools at June 30, 2020
 Elementary = 5
 Middle School = 4
 High School = 2
 Other = 0

Source: School Office

TEAM Academy Charter School, Inc.
Insurance Schedule
June 30, 2020

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability:		
Commercial property	\$ 160,784,242	\$ 1,000
General automobile liability	16,000,000	1,000
School Board legal liability	16,000,000	10,000
Umbrella	16,000,000	-
Workers' compensation	Statutory	-
Surety Bonds:		
Board Secretary/Business Administrator	252,540	1,000
Assistant Business Administrator	252,540	1,000

CHARTER SCHOOL PERFORMANCE

TEAM Academy Charter School, Inc.
Sustainability Indicators
For the Fiscal Year Ended June 30

	2020	2019	2018 (As Restated)	2017	2016	2015	2014	2013	2012	2011
Cash	\$ 14,582,782	\$ 12,636,819	\$ 11,360,080	\$ 8,772,722	\$ 9,666,716	\$ 6,657,716	\$ 8,024,620	\$ 6,847,195	\$ 4,683,713	\$ 3,191,397
Current Assets	19,355,281	19,712,570	17,124,286	5,652,358	13,090,817	12,549,197	13,075,614	11,970,340	6,461,102	3,666,011
Long-term Assets	8,275,723	8,996,508	-	*	*	*	*	*	*	*
Capital Assets - net	17,795,521	17,027,270	5,631,908	4,479,854	3,984,574	2,910,970	2,259,365	2,228,122	1,546,213	870,255
Total Assets	45,426,525	45,736,348	22,756,194	10,132,212	17,075,391	15,460,167	15,334,979	14,198,462	8,007,315	4,536,266
Current Liabilities	7,480,206	7,828,850	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480	5,038,803	2,212,318	1,310,457
Long-term Liabilities	33,737,289	33,027,962	-	*	*	*	*	*	*	*
Total Liabilities	41,217,495	40,856,812	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480	5,038,803	2,212,318	1,310,457
Net Position	\$ 4,209,030	\$ 4,879,536	\$ 16,565,927	\$ 4,590,055	\$ 13,583,507	\$ 13,317,529	\$ 11,494,499	\$ 9,159,659	\$ 5,794,997	\$ 3,225,809
Total Revenue	\$ 98,943,862	\$ 92,566,192	\$ 82,606,764	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903	\$ 49,007,699	\$ 39,891,786	\$ 31,383,235	\$ 26,131,010
Total Expenses	(99,614,368)	(90,061,878)	(80,008,333)	(77,367,628)	(68,188,365)	(58,422,478)	(46,704,102)	(37,209,033)	(29,490,005)	(25,310,354)
Change in Net Position	\$ (670,506)	\$ 2,504,314	\$ 2,598,431	\$ (1,191,401)	\$ (807,626)	\$ 1,171,425	\$ 2,303,597	\$ 2,682,753	\$ 1,893,230	\$ 820,656
Depreciation	\$ 1,248,980	\$ 677,981	\$ 298,625	\$ 270,914	\$ 251,195	\$ 189,294	\$ 177,203	\$ 152,892	\$ 91,984	\$ 72,280
Final average daily enrollment	4,740	4,368	4,073	3,702	3,249	2,807	2,073	1,681	1,423	1,204
March 30th budgeted enrollment	4,721	4,704	3,988	3,800	3,200	2,800	2,000	1,600	1,400	1,200
Near term indicators										
Current Ratios	2.59	2.52	2.77	1.02	3.75	5.86	3.40	2.38	2.92	2.80
Unrestricted days in cash	53.43	51.21	51.82	41.39	51.74	41.59	62.71	67.17	57.97	46.02
Enrollment variance	100%	93%	102%	97%	102%	100%	104%	105%	102%	100%
Default	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Information not available

TEAM Academy Charter School, Inc.
Near-Term Indicators
For the Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 14,582,782	\$ 12,636,819	\$ 11,360,080	\$ 8,772,722	\$ 9,666,716	\$ 6,657,716	\$ 8,024,620	\$ 6,847,195	\$ 4,683,713	\$ 3,191,397
Current Assets	19,355,281	19,712,570	17,124,286	5,652,358	13,090,817	12,549,197	13,075,614	11,970,340	6,461,102	3,666,011
Long-term Assets	8,275,723	8,996,508	-	*	*	*	*	*	*	*
Capital Assets - net	17,795,521	17,027,270	5,631,908	4,479,854	3,984,574	2,910,970	2,259,365	2,228,122	1,546,213	870,255
Total Assets	<u>45,426,525</u>	<u>45,736,348</u>	<u>22,756,194</u>	<u>10,132,212</u>	<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	7,480,206	7,828,850	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480	5,038,803	2,212,318	1,310,457
Long-term Liabilities	33,737,289	33,027,962	-	*	*	*	*	*	*	*
Total Liabilities	<u>41,217,495</u>	<u>40,856,812</u>	<u>6,190,267</u>	<u>5,542,157</u>	<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>\$ 4,209,030</u>	<u>\$ 4,879,536</u>	<u>\$ 16,565,927</u>	<u>\$ 4,590,055</u>	<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	\$ 98,943,862	\$ 92,566,192	\$ 82,606,764	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903	\$ 49,007,699	\$ 39,891,786	\$ 31,383,235	\$ 26,131,010
Total Expenses	<u>(99,614,368)</u>	<u>(90,061,878)</u>	<u>(80,008,333)</u>	<u>(77,367,628)</u>	<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>\$ (670,506)</u>	<u>\$ 2,504,314</u>	<u>\$ 2,598,431</u>	<u>\$ (1,191,401)</u>	<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	\$ 1,248,980	\$ 677,981	\$ 298,625	\$ 270,914	\$ 251,195	\$ 189,294	\$ 177,203	\$ 152,892	\$ 91,984	\$ 72,280
Final average daily enrollment	4,740	4,368	4,073	3,702	3,249	2,807	2,073	1,681	1,423	1,204
March 30th budgeted enrollment	4,721	4,704	3,988	3,800	3,200	2,800	2,000	1,600	1,400	1,200
Sustainability Indicators										
Total Margin	-0.7%	2.7%	3.1%	-1.6%	-1.2%	2.0%	4.7%	6.7%	6.0%	3.1%
Debt to Asset	0.91	0.89	0.27	0.55	0.20	0.14	0.25	0.35	0.28	0.29
Cash Flow	1,945,963	1,276,739	2,587,358	(893,994)	3,009,000	(1,366,904)	8,024,620	6,847,195	4,683,713	3,191,397
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Information not available

SINGLE AUDIT SECTION K

Exhibit K-1

**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**

Independent Auditor's Report

To the Board of Trustees of
TEAM Academy Charter School, Inc.:

We have audited, in accordance with the 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 TEAM Academy Charter School, Inc. (the Charter School), which comprise the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter School as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) as the basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we 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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Westborough, Massachusetts
December 15, 2020

Matthew T. McGinnis

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100



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Westborough, MA 01581
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Exhibit K-2

Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey OMB's Circular Letter 15-08

Independent Auditor's Report

To the Board of Trustees of
TEAM Academy Charter School, Inc.:

Report on Compliance for Each Major Federal and State Program

We have audited TEAM Academy Charter School, Inc.'s (the Charter School) compliance with the types of compliance requirements described in the *OMB 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, 2020. 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 statutes, regulations, and the terms and conditions of its awards applicable to its Federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major Federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 OMB's Circular Letter 15-08, *Single Audit Policy for Receipts of Federal Grants, State Grants and State Aid*. Those standards and the Uniform Guidance and State of New Jersey Department of Treasury OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal and 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 we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major Federal and state programs. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major Federal and State Program

In our 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 programs for the year ended June 30, 2020.

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 on the previous page. In planning and performing our audit of compliance, we 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 OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 and 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 and 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our 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 OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

AAFCPAs, Inc.

Westborough, Massachusetts
December 15, 2020

Matthew T. McGinnis

Matthew T. McGinnis, C.P.A.
Public School Accountant
PSA #20CC04260100

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Identification Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	Cash Received	Total Budgetary Expenditures	Balance at
				From	To				June 30, 2020
									Accounts Receivable
U.S. Department of Education:									
Passed-through New Jersey Department of Education:									
E.S.S.A.:									
Title I Grants to Local Educational Agencies	84.010	S010A180030	\$ 3,447,031	7/1/19	6/30/20	\$ 934,734	\$ 3,661,376	\$ 3,447,031	\$ 720,389
English Language Acquisition State Grants	84.365	S365A180030	\$ 69,336	7/1/19	6/30/20	-	69,336	69,336	-
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A190100	\$ 978,023	7/1/19	6/30/20	211,742	660,997	978,023	528,768
Special Education Preschool Grants	84.173	H173A180114	\$ 13,962	7/1/19	6/30/20	10,767	10,767	13,962	13,962
Total Special Education Cluster (IDEA)						222,509	671,764	991,985	542,730
Passed-through KIPP Foundation:									
Supporting Effective Educator Development Program	84.423	U423A180059	\$ 128,001	7/1/19	6/30/20	-	77,475	128,001	50,526
Total Special Fund and U.S. Department of Education						1,157,243	4,410,615	4,636,353	1,313,645
U.S. Department of Agriculture:									
Passed-through New Jersey Department of Agriculture:									
Fresh Fruit and Vegetable Program	10.582	191NJ304L1603	\$ 124,767	7/1/19	6/30/20	18,326	112,529	124,767	30,564
Child Nutrition Cluster:									
National School Lunch Program	10.555	19NJ304N1099	\$ 1,830,005	7/1/19	6/30/20	371,361	2,151,535	1,830,005	49,831
School Breakfast Program	10.553	19NJ304N1099	\$ 710,809	7/1/19	6/30/20	150,980	830,468	710,809	31,321
Total Child Nutrition Cluster						522,341	2,982,003	2,540,814	81,152
Total Enterprise Fund and U.S. Department of Agriculture						540,667	3,094,532	2,665,581	111,716
U.S. Department of Health and Human Services:									
Passed-through New Jersey Department of Education:									
Medicaid Cluster:									
Medical Assistance Program	93.778	1905NJ5MAP	\$ 233,178	7/1/19	6/30/20	-	233,178	233,178	-
Total General Fund and U.S. Department of Health and Human Services						-	233,178	233,178	-
Total Expenditures of Federal Awards						\$ 1,697,910	\$ 7,738,325	\$ 7,535,112	\$ 1,425,361

See accompanying notes to Schedule of Expenditures of Federal Awards.

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2019	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2020
			From	To				
State Department of Education								
General Fund:								
Equalization Aid - State	20-495-034-5120-078	\$ 57,604,753	7/1/19	6/30/20	\$ 835,246	\$ 57,604,753	\$ 57,266,962	\$ 497,455
Equalization Aid - Local	20-495-034-5120-078	\$ 10,362,097	7/1/19	6/30/20	146,934	10,362,097	10,304,675	89,512
State Adjustment Aid	20-495-034-5120-085	\$ 5,462,226	7/1/19	6/30/20	-	5,462,226	5,462,226	-
Special Education Categorical Aid	20-495-034-5120-089	\$ 3,413,760	7/1/19	6/30/20	-	3,413,760	3,413,760	-
Security Aid	20-495-034-5120-084	\$ 2,466,686	7/1/19	6/30/20	-	2,466,686	2,466,686	-
On-Behalf Teachers' Pension and Annuity Fund	20-495-034-5094-002	\$ 5,043,091	7/1/19	6/30/20	-	5,043,091	5,043,091	-
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	20-495-034-5094-001	\$ 1,870,894	7/1/19	6/30/20	-	1,870,894	1,870,894	-
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	20-495-034-5094-004	\$ 13,933	7/1/19	6/30/20	-	13,933	13,933	-
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	\$ 2,229,560	7/1/19	6/30/20	170,890	2,229,560	2,256,230	197,560
Extraordinary Aid	20-495-034-5120-044	\$ 200,000	7/1/19	6/30/20	206,930	-	200,000	406,930
Total General Fund					<u>1,360,000</u>	<u>88,467,000</u>	<u>88,298,457</u>	<u>1,191,457</u>
Enterprise Fund:								
State School Lunch	20-100-010-3350-023	\$ 24,579	7/1/19	6/30/20	-	24,579	25,362	783
Total Enterprise Fund					<u>-</u>	<u>24,579</u>	<u>25,362</u>	<u>783</u>
Total State Financial Assistance					<u>\$ 1,360,000</u>	<u>\$ 88,491,579</u>	88,323,819	<u>\$ 1,192,240</u>
Less: On-Behalf TPAF Pension System Contributions								
On-Behalf Teachers' Pension and Annuity Fund	20-495-034-5094-002						(5,043,091)	
On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical	20-495-034-5094-001						(1,870,894)	
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	20-495-034-5094-004						(13,933)	
Total for State Financial Assistance - Major Program Determination							<u>\$ 81,395,901</u>	

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Expenditures of Federal and State Assistance
For the Year Ended June 30, 2020

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance Programs (collectively, the Schedules) include Federal and state award activity of TEAM Academy Charter School, Inc. (the Charter School). All Federal and state awards received directly from Federal and state agencies, as well as Federal awards and state financial assistance passed through other government agencies are included on the Schedules.

2. BASIS OF ACCOUNTING

The accompanying Schedules are presented on the accrual basis of accounting. 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 OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

3. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

The Schedules of Awards and Financial Assistance present only a selected portion of the activities of the Charter School. It is not intended to, nor does it, present either the balance sheet, revenue, expenditures, or changes in fund balance of the governmental funds. The financial activity for the aforementioned awards is reported in the Charter School's statement of activities and statement of revenue, expenditures and changes in fund balance - governmental funds.

Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 233,178	\$ 88,298,457	\$ 88,531,635
Special Revenue Fund	4,636,353	-	4,636,353
Food Service Fund	<u>2,665,581</u>	<u>25,362</u>	<u>2,690,943</u>
Total Awards and Financial Assistance	<u>\$ 7,535,112</u>	<u>\$ 88,323,819</u>	<u>\$ 95,858,931</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Expenditures of Federal and State Assistance
For the Year Ended June 30, 2020

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

The Teachers' Pension and Annuity Fund (TPAF) Social Security Contributions of \$2,256,230 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, 2020.

The amount reported as TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,927,918, represents the amount paid by the state on behalf of the Charter School for the fiscal year ended June 30, 2020.

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 the major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Charter School's basic financial statements and the amount subject to State single audit and major program determination.

7. DE MINIMIS INDIRECT COST RATE

The Charter School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a “going concern” emphasis-of-matter paragraph included in the auditor’s report? Yes X No

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.555/10.553

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

TEAM ACADEMY CHARTER SCHOOL, INC.

New Jersey Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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)	\$2,441,877	
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 reported in Accordance with NJ OMB Circular Letter 15-08?		X
Identification of major programs:		

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
20-495-034-5120-078	Equalization Aid - Local
20-495-034-5120-078	Equalization Aid - State
20-495-034-5094-003	TPAF Social Security

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None

TEAM ACADEMY CHARTER SCHOOL, INC.

New Jersey Schedule of Prior Year Findings and Questioned Costs
As Prepared by Management
For the Fiscal Year Ended June 30, 2020

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 .511(a)(b)) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. There were no prior year findings.