

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF**

**TEAM ACADEMY CHARTER SCHOOL, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

# TEAM ACADEMY CHARTER SCHOOL, INC.

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June 30, 2021

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N/A = Not Applicable

## **INTRODUCTORY SECTION**

January 27, 2022

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, 2021, 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.

- 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 2020-2021 school year, the Charter School had a student enrollment of 5,336.

- 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 2020-2021 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 2020-2021 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, 2021:

| <u>Revenue</u>                   | <u>Amount</u>         | <u>Percent of Total</u> |
|----------------------------------|-----------------------|-------------------------|
| Local Revenue                    | \$ 11,211,679         | 10%                     |
| State Share                      | 76,209,735            | 68                      |
| State Aid                        | 11,739,628            | 10                      |
| Federal Aid - General Fund       | 381,971               | -                       |
| Private Grants - General Fund    | 870,169               | 1                       |
| Enterprise Fund                  | 1,340,578             | 1                       |
| Federal Aid - Special Revenue    | 7,481,014             | 7                       |
| Private Grants - Special Revenue | <u>2,801,480</u>      | <u>3</u>                |
|                                  | <u>\$ 112,036,254</u> | <u>100%</u>             |

The following schedule presents a summary of the governmental fund and enterprise funds for the fiscal year ended June 30, 2021:

| <u>Expenditures</u>    | <u>Amount</u>         | <u>Percent of Total</u> |
|------------------------|-----------------------|-------------------------|
| Current - General Fund | \$ 95,338,116         | 88%                     |
| Special Revenue Fund   | 10,282,494            | 9                       |
| Capital Projects Fund  | * 1,432,312           | 1                       |
| Enterprise Fund        | 1,314,636             | 1                       |
| Debt Service Fund      | <u>620,585</u>        | <u>1</u>                |
| Total                  | <u>\$ 108,988,143</u> | <u>100%</u>             |

\* Capital outlay costs were funded from draw down of note payable and transfer from the general fund, 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 2020-2021 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,



Ryan Hill  
Lead Person

**ROSTER OF TRUSTEES AND OFFICERS  
JUNE 30, 2021**

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

**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  
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**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, 2021, 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, 2021, 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 70) 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, 2021, 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 have 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 January 27, 2022, 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 effectiveness of the Charter School's 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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
January 27, 2022

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, 2021

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### 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, 2021. 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 2021 fiscal year include the following:

- Net position of governmental activities ended the fiscal year with \$7,740,499. Net position of business-type activities, which represent food service operations ended the fiscal year with \$25,942.
- General Fund revenues accounted for \$100,413,182 in revenue or 91 percent of total governmental fund revenues of \$110,695,676. Program specific revenues, in the form of charges for services, grants, and contributions in the special revenue fund, accounted for \$10,282,494 or 9 percent of total governmental fund revenues.
- The Charter School had \$107,673,507 (see page 12) in expenses related to governmental activities; \$10,282,494 of these expenses is offset by operating grants and contributions. General revenues (primarily State and local share) of \$100,413,182 helped to provide for the balance of these programs.
- The General Fund reported a fund balance at June 30, 2021, of \$19,771,794, and a gain of \$7,896,719 for the year ended June 30, 2021.

### 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, 2021

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### 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 2021?" 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, 2021

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### REPORTING THE CHARTER SCHOOL'S MOST SIGNIFICANT FUNDS (Continued)

#### 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 \$7,740,499 (see below) at the close of fiscal year 2021. The following table provides a summary of net position relating to the Charter School's governmental and business-type activities:

|  | <u>2021</u>                        |  |                      |
|--|------------------------------------|--|----------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business-<br/>Type<br/>Activities</u> | <u>Total</u>         |
| <b>Assets and deferred outflows of resources:</b>      |                                    |  |                      |
| Current assets   | \$ 31,786,573                      | \$ 169,160                               | \$ 31,955,733        |
| Capital assets, net                                    | 18,532,628                         | -  | 18,532,628           |
| Deferred outflows of resources                         | <u>12,295,695</u>                  | <u>-</u>                                 | <u>12,295,695</u>    |
| Total assets and deferred outflows of resources        | <u>\$ 62,614,896</u>               | <u>\$ 169,160</u>                        | <u>\$ 62,784,056</u> |
| <b>Liabilities and deferred outflows of resources:</b> |                                    |  |                      |
| Current liabilities                                    | \$ 12,014,779                      | \$ 143,218                               | \$ 12,157,997        |
| Long-term liabilities                                  | 33,995,153                         | -  | 33,995,153           |
| Deferred outflows of resources                         | <u>8,864,465</u>                   | <u>-</u>                                 | <u>8,864,465</u>     |
| Total liabilities and deferred inflows of resources    | <u>\$ 54,874,397</u>               | <u>\$ 143,218</u>                        | <u>\$ 55,017,615</u> |
| <b>Net position:</b>                                   |                                    |  |                      |
| Invested in capital assets, net of related debt        | \$ 2,573,484                       | \$ -                                     | \$ 2,573,484         |
| Unrestricted   | <u>5,167,015</u>                   | <u>25,942</u>                            | <u>5,192,957</u>     |
| Total net position                                     | <u>\$ 7,740,499</u>                | <u>\$ 25,942</u>                         | <u>\$ 7,766,441</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 increased by \$3,557,411 during the current fiscal year ended June 30, 2021.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

**THE CHARTER SCHOOL AS A WHOLE (Continued)**

The table that follows reflects the change in fund balance for fiscal year 2021.

|  | <b>2021</b>                        |  |                     |
|--|------------------------------------|--|---------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-<br/>Type<br/>Activities</b> | <b>Total</b>        |
| Revenues:  |                                    |  |                     |
| Program revenues:  |                                    |  |                     |
| Charge for services  | \$ -                               | \$ 688                                   | \$ 688              |
| Operating grants and contributions                                     | <u>10,282,494</u>                  | <u>-</u>                                 | <u>10,282,494</u>   |
| Total program revenues   | <u>10,282,494</u>                  | <u>688</u>                               | <u>10,283,182</u>   |
| General revenues:  |                                    |  |                     |
| Local aid  | 11,211,679                         | -  | 11,211,679          |
| Federal and state aid  | 88,331,334                         | 1,339,890                                | 89,671,224          |
| Miscellaneous  | <u>870,169</u>                     | <u>-</u>                                 | <u>870,169</u>      |
| Total general revenues   | <u>100,413,182</u>                 | <u>1,339,890</u>                         | <u>101,753,072</u>  |
| Total revenues   | <u>110,695,676</u>                 | <u>1,340,578</u>                         | <u>112,036,254</u>  |
| Expenses:  |                                    |  |                     |
| Instructions   | 34,961,515                         | -  | 34,961,515          |
| Administrative and support services                                    | 71,066,178                         | -  | 71,066,178          |
| Capital outlay   | 1,645,814                          | -  | 1,645,814           |
| Food service   | <u>-</u>                           | <u>1,314,636</u>                         | <u>1,314,636</u>    |
| Total expenses   | <u>107,673,507</u>                 | <u>1,314,636</u>                         | <u>108,988,143</u>  |
| Change in fund balance before transfers<br>and other financing sources | <u>\$ 3,022,169</u>                | <u>\$ 25,942</u>                         | <u>\$ 3,048,111</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, 2021.

|                                     | <b>Total Cost of<br/>Services</b> | <b>Net Cost of<br/>Services</b> |
|-------------------------------------|-----------------------------------|---------------------------------|
| Instruction                         | \$ 34,961,515                     | \$ 32,372,562                   |
| Administrative and support services | 71,066,178                        | 63,372,637                      |
| Capital outlay                      | <u>1,645,814</u>                  | <u>1,645,814</u>                |
| Total expenses                      | <u>\$ 107,673,507</u>             | <u>\$ 97,391,013</u>            |

## **TEAM ACADEMY CHARTER SCHOOL, INC.**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

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### **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 \$1,340,578 and operating expenses of \$1,314,636 for fiscal year 2021. The Charter School intended to have food services be self-operating without assistance from the General Fund. Food service recorded a excess of \$25,942 for the fiscal year 2021. 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 \$110,695,676 and expenditures of \$107,673,507. The positive change in fund balance for the year was \$3,022,169. Before other financing sources of \$4,874,550, the positive change in fund balance was part of the net increase in the accumulated fund balance of \$19,771,794, which increased by \$7,896,719.

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 2021, 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 \$94,802,436. Expenditures and other financing uses were budgeted at \$5,198,908. The Charter School anticipated budgeted a fund balance excess (deficiency) of \$(386,472) in its 2020-2021 budget year.

The State of New Jersey reimbursed the Charter School \$2,409,694 during the year ended June 30, 2021, for the employer's share of Social Security contributions for TPAF members. The State also paid \$9,329,934 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 2021, the Charter School had \$18,532,628 invested in net capital assets in its governmental activities.

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

### **LONG-TERM DEBT**

At June 30, 2021, the Charter School had \$15,959,144 in long-term debt. The Charter School had \$18,036,009 at June 30, 2021, 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, 2021

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### **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 2021-2020. 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, 2021.



## **SCHOOL-WIDE FINANCIAL STATEMENTS**

**TEAM Academy Charter School, Inc.**  
**Statement of Net Position**  
**As of June 30, 2021**

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS:</b>  |                                    |                                     |                      |
| Cash and cash equivalents                               | \$ 17,630,029                      | \$ -                                | \$ 17,630,029        |
| Due from (to) funds                                     | 118,850                            | (118,850)                           | -                    |
| Receivables, net  | 2,447,032                          | 288,010                             | 2,735,042            |
| Due from related parties                                | 11,303,345                         | -                                   | 11,303,345           |
| Prepaid expenses  | 287,317                            | -                                   | 287,317              |
| Capital assets, net                                     | 18,532,628                         | -                                   | 18,532,628           |
| Total assets  | <u>50,319,201</u>                  | <u>169,160</u>                      | <u>50,488,361</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                  |                                    |                                     |                      |
| Pension deferred outflows                               | <u>12,295,695</u>                  | <u>-</u>                            | <u>12,295,695</u>    |
| Total assets and deferred outflows of resources         | <u>\$ 62,614,896</u>               | <u>\$ 169,160</u>                   | <u>\$ 62,784,056</u> |
| <b>LIABILITIES:</b>                                     |                                    |                                     |                      |
| Intergovernmental payables - state                      | \$ 2,502,599                       | \$ -                                | \$ 2,502,599         |
| Accounts payable  | 3,254,349                          | 143,218                             | 3,397,567            |
| Payroll deductions and withholdings                     | 1,006,093                          | -                                   | 1,006,093            |
| Deferred revenue  | 92,295                             | -                                   | 92,295               |
| Due to related party                                    | 5,159,443                          | -                                   | 5,159,443            |
| Note payable  | 15,959,144                         | -                                   | 15,959,144           |
| Net pension liability                                   | 18,036,009                         | -                                   | 18,036,009           |
| Total liabilities                                       | <u>46,009,932</u>                  | <u>143,218</u>                      | <u>46,153,150</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                   |                                    |                                     |                      |
| Pension deferred inflows                                | <u>8,864,465</u>                   | <u>-</u>                            | <u>8,864,465</u>     |
| Total liabilities and deferred inflows of resources     | <u>54,874,397</u>                  | <u>143,218</u>                      | <u>55,017,615</u>    |
| <b>NET POSITION:</b>                                    |                                    |                                     |                      |
| Invested in capital assets, net of capital debt         | 2,573,484                          | -                                   | 2,573,484            |
| Unrestricted  | 5,167,015                          | 25,942                              | 5,192,957            |
| Total net position                                      | <u>7,740,499</u>                   | <u>25,942</u>                       | <u>7,766,441</u>     |
| Total net position and liabilities                      | <u>\$ 62,614,896</u>               | <u>\$ 169,160</u>                   | <u>\$ 62,784,056</u> |
| Fund Balance, June 30, 2021 - B-1                       | \$ 19,771,794                      |                                     |                      |
| Cost of capital assets, net of accumulated depreciation | 18,532,628                         |                                     |                      |
| Principal balance of notes payable                      | (15,959,144)                       |                                     |                      |
| Net position before pension adjustments                 | <u>22,345,278</u>                  |                                     |                      |
| Less - pension, net (deficit)                           | <u>(14,604,779)</u>                |                                     |                      |
| Total net position, June 30, 2021                       | <u>\$ 7,740,499</u>                |                                     |                      |

TEAM Academy Charter School, Inc.  
Statement of Activities  
For the Year Ended June 30, 2021

| 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  | \$ 34,961,515         | \$ -                 | \$ 2,588,953                       | \$ 32,372,562                                     | \$ -                     | \$ 32,372,562       |
| Support services:                              |                       |                      |                                    |   |                          |                     |
| General administration                         | 33,476,886            | -                    | -                                  | 33,476,886  | -                        | 33,476,886          |
| Support services                               | 25,849,664            | -                    | 7,693,541                          | 18,156,123  | -                        | 18,156,123          |
| TPAF Social Security (Reimbursed)              | 2,409,694             | -                    | -                                  | 2,409,694   | -                        | 2,409,694           |
| TPAF Medical (On-Behalf - Non-Budgeted)        | 2,235,840             | -                    | -                                  | 2,235,840   | -                        | 2,235,840           |
| TPAF Pension (On-Behalf - Non-Budgeted)        | 7,094,094             | -                    | -                                  | 7,094,094   | -                        | 7,094,094           |
| Capital outlay                                 | 1,645,814             | -                    | -                                  | 1,645,814   | -                        | 1,645,814           |
| Total governmental activities                  | <u>107,673,507</u>    | <u>-</u>             | <u>10,282,494</u>                  | <u>97,391,013</u>                                 | <u>-</u>                 | <u>97,391,013</u>   |
| Business-type activities:                      |                       |                      |                                    |   |                          |                     |
| Food Service                                   | 1,314,636             | 688                  | -                                  | -   | 1,313,948                | 1,313,948           |
| Total business-type activities                 | <u>1,314,636</u>      | <u>688</u>           | <u>-</u>                           | <u>-</u>  | <u>1,313,948</u>         | <u>1,313,948</u>    |
| Total primary government                       | <u>\$ 108,988,143</u> | <u>\$ 688</u>        | <u>\$ 10,282,494</u>               | <u>97,391,013</u>                                 | <u>1,313,948</u>         | <u>98,704,961</u>   |
| General revenues:                              |                       |                      |                                    |   |                          |                     |
| Local share                                    |                       |                      |                                    | 11,211,679  | -                        | 11,211,679          |
| State share                                    |                       |                      |                                    | 76,209,735  | 28,374                   | 76,238,109          |
| State aid - TPAF                               |                       |                      |                                    | 11,739,628  | -                        | 11,739,628          |
| Federal aid                                    |                       |                      |                                    | 381,971   | 1,311,516                | 1,693,487           |
| Miscellaneous                                  |                       |                      |                                    | 772,375   | -                        | 772,375             |
| Philanthropic support                          |                       |                      |                                    | 97,794  | -                        | 97,794              |
| Total general revenues                         |                       |                      |                                    | <u>100,413,182</u>                                | <u>1,339,890</u>         | <u>101,753,072</u>  |
| Gain (deficit) of revenues over expenditures   |                       |                      |                                    | 3,022,169   | 25,942                   | 3,048,111           |
| Other financing sources                        |                       |                      |                                    | 4,874,550   | -                        | 4,874,550           |
| Net increase in fund balance                   |                       |                      |                                    | 7,896,719   | 25,942                   | 7,922,661           |
| Increase in net capital outlay                 |                       |                      |                                    | 737,107   | -                        | 737,107             |
| Increase in notes payable                      |                       |                      |                                    | (4,874,550)                                       | -                        | (4,874,550)         |
| Increase in pension deficit (A-1 Net Position) |                       |                      |                                    | (227,807)   | -                        | (227,807)           |
| Change in net position                         |                       |                      |                                    | <u>3,531,469</u>                                  | <u>25,942</u>            | <u>3,557,411</u>    |
| Net Position - beginning July 1, 2020          |                       |                      |                                    | <u>4,209,030</u>                                  | <u>-</u>                 | <u>4,209,030</u>    |
| Net Position - ending June 30, 2021            |                       |                      |                                    | <u>\$ 7,740,499</u>                               | <u>\$ 25,942</u>         | <u>\$ 7,766,441</u> |

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**TEAM Academy Charter School, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS:</b>   |                         |                                     |                                      |                                  |   |
| Cash and cash equivalents  | \$ 17,630,029           | \$ -                                | \$ -                                 | \$ -                             | \$ 17,630,029                           |
| Due from (to) funds  | 331,181                 | (212,331)                           | -                                    | -                                | 118,850                                 |
| Receivables:   |                         |                                     |                                      |                                  |   |
| State, net   | 1,449,734               | -                                   | -                                    | -                                | 1,449,734                               |
| Federal  | -                       | 419,791                             | -                                    | -                                | 419,791                                 |
| Other  | 312,345                 | 265,162                             | -                                    | -                                | 577,507                                 |
| Due from related parties   | 10,338,878              | 964,467                             | -                                    | -                                | 11,303,345                              |
| Prepaid expenses   | 287,317                 | -                                   | -                                    | -                                | 287,317                                 |
|  | <u>\$ 30,349,484</u>    | <u>\$ 1,437,089</u>                 | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ 31,786,573</u>                    |
| <b>LIABILITIES AND FUND BALANCES:</b>  |                         |                                     |                                      |                                  |   |
| Liabilities:   |                         |                                     |                                      |                                  |   |
| Intergovernmental payables - state   | \$ 1,456,428            | \$ 1,046,171                        | \$ -                                 | \$ -                             | \$ 2,502,599                            |
| Accounts payable   | 2,955,726               | 298,623                             | -                                    | -                                | 3,254,349                               |
| Payroll deductions and withholdings payable  | 1,006,093               | -                                   | -                                    | -                                | 1,006,093                               |
| Deferred revenue   | -                       | 92,295                              | -                                    | -                                | 92,295                                  |
| Due to related party   | 5,159,443               | -                                   | -                                    | -                                | 5,159,443                               |
| Total liabilities  | <u>10,577,690</u>       | <u>1,437,089</u>                    | <u>-</u>                             | <u>-</u>                         | <u>12,014,779</u>                       |
| Fund Balances:   |                         |                                     |                                      |                                  |   |
| Unassigned   | 19,484,477              | -                                   | -                                    | -                                | 19,484,477                              |
| Nonspendable   | 287,317                 | -                                   | -                                    | -                                | 287,317                                 |
| Total fund balances  | <u>19,771,794</u>       | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>19,771,794</u>                       |
| Total liabilities and fund balances  | <u>\$ 30,349,484</u>    | <u>\$ 1,437,089</u>                 | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ 31,786,573</u>                    |
| Amounts reported for <i>governmental activities</i> 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 \$22,842,435 and the accumulated depreciation is \$4,309,807 (see Note 4).                 |                         |                                     |                                      |                                  | \$ 18,532,628                           |
| 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). |                         |                                     |                                      |                                  | 12,295,695                              |
| 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).                       |                         |                                     |                                      |                                  | (8,864,465)                             |
| 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).   |                         |                                     |                                      |                                  | <u>(33,995,153)</u>                     |
| Net position of governmental activities  |                         |                                     |                                      |                                  | <u>\$ 7,740,499</u>                     |

**TEAM Academy Charter School, Inc.**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>REVENUES:</b>                        |                         |                                     |                                      |                                  |   |
| Local sources:                          |                         |                                     |                                      |                                  |   |
| Local share                             | \$ 11,211,679           | \$ -                                | \$ -                                 | \$ -                             | \$ 11,211,679                           |
| State share                             | 76,209,735              | -                                   | -                                    | -                                | 76,209,735                              |
| Philanthropic support                   | 97,794                  | 2,801,480                           | -                                    | -                                | 2,899,274                               |
| Miscellaneous                           | 772,375                 | -                                   | -                                    | -                                | 772,375                                 |
| Total - local sources                   | 88,291,583              | 2,801,480                           | -                                    | -                                | 91,093,063                              |
| Federal sources                         | 381,971                 | 7,481,014                           | -                                    | -                                | 7,862,985                               |
| State sources - TPAF                    | 11,739,628              | -                                   | -                                    | -                                | 11,739,628                              |
| Total revenues                          | 100,413,182             | 10,282,494                          | -                                    | -                                | 110,695,676                             |
| <b>EXPENDITURES:</b>                    |                         |                                     |                                      |                                  |   |
| Current:                                |                         |                                     |                                      |                                  |   |
| Instruction                             | 32,372,562              | 2,588,953                           | -                                    | -                                | 34,961,515                              |
| Administrative                          | 32,856,301              | -                                   | -                                    | 620,585                          | 33,476,886                              |
| Support services                        | 18,156,123              | 7,693,541                           | -                                    | -                                | 25,849,664                              |
| TPAF Social Security (Reimbursed)       | 2,409,694               | -                                   | -                                    | -                                | 2,409,694                               |
| TPAF Medical (On-Behalf - Non-Budgeted) | 2,235,840               | -                                   | -                                    | -                                | 2,235,840                               |
| TPAF Pension (On-Behalf - Non-Budgeted) | 7,094,094               | -                                   | -                                    | -                                | 7,094,094                               |
| Capital outlay                          | 213,502                 | -                                   | 1,432,312                            | -                                | 1,645,814                               |
| Total expenditures                      | 95,338,116              | 10,282,494                          | 1,432,312                            | 620,585                          | 107,673,507                             |
| Excess of revenues over expenditures    | 5,075,066               | -                                   | (1,432,312)                          | (620,585)                        | 3,022,169                               |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                         |                                     |                                      |                                  |   |
| Issuance of note payable                | 4,500,000               | -                                   | 374,550                              | -                                | 4,874,550                               |
| Transfers between funds                 | (1,678,347)             | -                                   | 1,057,762                            | 620,585                          | -                                       |
| Total other financing sources (uses)    | 2,821,653               | -                                   | 1,432,312                            | 620,585                          | 4,874,550                               |
| Net change in fund balances             | 7,896,719               | -                                   | -                                    | -                                | 7,896,719                               |
| <b>Fund Balance - July 1, 2020</b>      | 11,875,075              | -                                   | -                                    | -                                | 11,875,075                              |
| <b>Fund Balance - June 30, 2021</b>     | <u>\$ 19,771,794</u>    | <u>\$ -</u>                         | <u>\$ -</u>                          | <u>\$ -</u>                      | <u>\$ 19,771,794</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, 2021**

|  |                      |                  |                            |
|--|----------------------|------------------|----------------------------|
| <b>Total net change in fund balances - governmental funds (from B-2)</b>   |                      | \$               | 7,896,719                  |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>                  |                      |                  |                            |
|  | Depreciation expense | \$ (908,707)     |                            |
|  | Capital outlays      | <u>1,645,814</u> | 737,107                    |
| <p>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.</p> |                      |                  |                            |
|  |                      |                  | (227,807)                  |
| <p>Issuance of note payable increase liabilities in the statement of net position, but are included in the government funds as other financing sources.</p>  |                      |                  |                            |
|  |                      |                  | <u>(4,874,550)</u>         |
| <b>Change in net position of governmental activities</b>   |                      |                  | <u><u>\$ 3,531,469</u></u> |



## **PROPRIETARY FUNDS**

**TEAM Academy Charter School, Inc.**  
**Statement of Net Position**  
**Proprietary Funds**  
**As of June 30, 2021**

|                                    | <u><b>Business-type<br/>Activities -<br/>Enterprise Fund</b></u> |
|------------------------------------|--|
| <b>ASSETS:</b>                     |  |
| Current assets:                    |  |
| Cash and cash equivalents          | \$ -   |
| Accounts receivable - Federal Aid  | 281,294  |
| Accounts receivable - State Aid    | 5,788  |
| Other receivables                  | <u>928</u>   |
| Total assets                       | <u><u>\$ 288,010</u></u>   |
| <b>LIABILITIES:</b>                |  |
| Current liabilities:               |  |
| Accounts payable                   | \$ 143,218   |
| Due to funds                       | <u>118,850</u>   |
| Total liabilities                  | 262,068  |
| <b>NET POSITION:</b>               |  |
| Unrestricted                       | <u>25,942</u>  |
| Total net position and liabilities | <u><u>\$ 288,010</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, 2021**

|  | <u><b>Business-type<br/>Activities -<br/>Enterprise Fund</b></u> |
|--|--|
| <b>Operating Revenues:</b>             |  |
| Charges for services:                  |  |
| Daily sales - nonreimbursable programs | \$ 688   |
| <b>Operating Expenses:</b>             |  |
| Cost of sales - reimbursable programs  | <u>1,314,636</u>   |
| Operating loss                         | <u>(1,313,948)</u>   |
| <b>Non-operating Revenues:</b>         |  |
| State sources:                         |  |
| State school lunch program             | 28,374   |
| Federal sources:                       |  |
| National school lunch program          | 775,503  |
| School breakfast program               | 406,145  |
| Fresh fruit and vegetable program      | <u>129,868</u>   |
| Total non-operating revenues           | <u>1,339,890</u>   |
| Changes in net position                | 25,942   |
| <b>Total Net Position - beginning</b>  | <u>-</u>   |
| <b>Total Net Position - ending</b>     | <u><u>\$ 25,942</u></u>  |

**TEAM Academy Charter School, Inc.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

|   | <b><u>Business-Type<br/>Activities -<br/>Enterprise Fund</u></b> |
|---|--|
| <b>Cash Flows from Operating Activities:</b>                                      |  |
| Receipts from customers   | \$ 52,870  |
| Payments to suppliers   | <u>(1,261,954)</u>   |
| Net cash used in operating activities   | (1,209,084)  |
| <b>Cash Flows from Noncapital Financing Activities:</b>                           |  |
| State and Federal sources   | <u>1,113,125</u>   |
| Net decrease in cash and cash equivalents   | (95,959)   |
| <b>Cash and Cash Equivalents Balance</b> - beginning of year                      | <u>95,959</u>  |
| <b>Cash and Cash Equivalents Balance</b> - end of year                            | <u><u>\$ -</u></u>   |
| <b>Reconciliation of Loss to Net Cash used for Operating Activities:</b>          |  |
| Operating loss  | \$ (1,313,948)   |
| Adjustments to reconcile operating loss to net cash used in operating activities: |  |
| Changes in operating assets and liabilities:                                      |  |
| Decrease in other receivables   | 52,182   |
| Increase in accounts payable  | (66,168)   |
| Increase in due to funds  | <u>118,850</u>   |
| Net cash used in operating activities   | <u><u>\$ (1,209,084)</u></u>                                     |

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## **TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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### **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, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Summary of Adoption of New Accounting Standards

During fiscal year 2021, the Charter School adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Flex Spending Account and Payroll Agency Fund as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a statement of fiduciary net position, and records payroll deductions and withholdings payable originally in the statement of fiduciary net position in the General Fund in the governmental fund financial statements. The adoption did not have a significant impact on the Charter School's changes in fund balances.

#### 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting**

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

***Governmental Funds***

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

*Debt Service Fund* – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.



## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 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. In fiscal year 2021, the Charter School adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the adoption of GASB 84, the Charter School's previously reported fiduciary activities surrounding payroll deductions and withholdings payable have been moved to the General Fund.

##### **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 finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement Focus (Continued)

##### *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.

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.

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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.

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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, 2021.
- 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.

#### 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. Nondisposable – 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.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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             | 25 years or over the Term of the Lease |
| Equipment, furniture and fixtures  | 3 - 10 years                           |

**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, 2021.

**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.

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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, capital projects funds, debt service funds and proprietary funds.

#### 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.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**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.

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, 2021, the Charter School's carrying amount of deposits and investments are as follows:

|              | <u>School-Wide<br/>Financial Statements</u> | <u>Agency<br/>Funds</u> | <u>Total</u>  |
|--------------|---|-------------------------|---------------|
| Cash Balance | \$ 17,630,029                               | \$ -                    | \$ 17,630,029 |

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2021, the Charter School's bank balance was \$17,608,945.

Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2021, was secured by Federal deposit insurance and \$17,358,945 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   | \$ 17,358,945        |
| Plus - insured amount                           | 250,000              |
| Plus - deposits in transit                      | 16,021               |
| Less - outstanding checks                       | (5,480)              |
| Plus - petty cash held by the Charter School    | <u>10,543</u>        |
| Total cash per school-wide financial statements | <u>\$ 17,630,029</u> |

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 3. DEPOSITS AND INVESTMENTS (Continued)

#### Deposits (Continued)

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.

#### 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, 2021, the Charter School did not hold any investments.



**TEAM ACADEMY CHARTER SCHOOL, INC.**Notes to the Basic Financial Statements  
June 30, 2021**4. CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2021:

| <u>Governmental Activities</u>                   | <u>Beginning<br/>Balance<br/>July 1, 2020</u> | <u>Additions</u>  | <u>Ending<br/>Balance<br/>June 30, 2021</u> |
|--|---|-------------------|---|
| Capital assets, not being depreciated:           |   |                   |   |
| Land   | \$ 475,900                                    | \$ -              | \$ 475,900                                  |
| Construction in progress - building              | -   | 1,432,312         | 1,432,312                                   |
| Construction in progress - leasehold improvement | -   | 100,000           | 100,000                                     |
| Total capital assets being depreciated           | <u>475,900</u>                                | <u>1,532,312</u>  | <u>2,008,212</u>                            |
| Capital assets, being depreciated:               |   |                   |   |
| Building   | 5,594,000                                     | -                 | 5,594,000                                   |
| Building improvements                            | 2,005,412                                     | 3,385             | 2,008,797                                   |
| Leasehold improvements                           | 11,038,522                                    | 48,711            | 11,087,233                                  |
| Equipment, furniture and fixtures                | 2,082,787                                     | 61,406            | 2,144,193                                   |
| Total capital assets being depreciated           | <u>20,720,721</u>                             | <u>113,502</u>    | <u>20,834,223</u>                           |
| Less - accumulated depreciated:                  |   |                   |   |
| Building and building improvements               | 389,879                                       | 201,300           | 591,179                                     |
| Leasehold improvements                           | 1,698,754                                     | 515,824           | 2,214,578                                   |
| Equipment, furniture and fixtures                | 1,312,467                                     | 191,583           | 1,504,050                                   |
| Total accumulated depreciation                   | <u>3,401,100</u>                              | <u>908,707</u>    | <u>4,309,087</u>                            |
| Total capital assets being depreciated, net      | <u>17,319,621</u>                             | <u>795,206</u>    | <u>16,524,415</u>                           |
| Total capital assets, net                        | <u>\$ 17,795,521</u>                          | <u>\$ 737,107</u> | <u>\$ 18,532,628</u>                        |

Depreciation expense of \$908,707 was charged to an unallocated function. Construction in progress - building as of June 30, 2021, consists of \$1,432,312 of improvements to the Charter School's building located at 300 N. 13<sup>th</sup> Street. The majority of the building was placed in service during fiscal year 2020. The remaining portion was completed and placed into service in October 2021. Constructions in progress - leasehold improvements as of June 30, 2021, consist of the Charter School's portion of classroom renovations for a building construction owned by FOT (see Note 6) which will be leased to the Charter School once completed.

**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 (renewed on June 30, 2021) and can be extended through various dates through July 31, 2034. Rent expense for the year ended June 30, 2021, amounted to \$6,483,102. Future minimum rental commitments under the remaining terms of the lease agreements are shown below:

|      |              |
|------|--------------|
| 2022 | \$ 6,172,349 |
| 2023 | \$ 6,277,608 |
| 2024 | \$ 6,298,444 |
| 2025 | \$ 6,371,089 |
| 2026 | \$ 6,514,923 |

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 5. RENTAL EXPENSE (Continued)

In September 2020, FOT and Affiliates (lessor) sold the long-term lease rights of 229 18<sup>th</sup> Avenue, Newark, New Jersey (the 18<sup>th</sup> Avenue Project), which is currently being leased to the Charter School, to Ashland (see below) and donated all remaining interest in the property to the Charter School. The Charter School has not recorded the remaining interest in the property as contribution revenue, as the eligibility requirements have not been met. 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 18<sup>th</sup> Avenue Project.

### 6. RELATED PARTY TRANSACTIONS

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

**KIPP Team and Family Schools, Inc. (formerly, KIPP New Jersey a NJ Nonprofit Corporation)** (KTAF), a nonprofit charter school management organization, provided management services in the amount of \$10,455,523 to the Charter School for the year ended June 30, 2021. 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 KTAF 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.

KTAF provided services such as academic, financial, technology, curriculum, and operations support. In the opinion of management, the payments are less than the market. KTAF also raises grants which are passed-through to the Charter School. The Charter School received a total of \$2,309,216 in grants from KTAF for the year ended June 30, 2021. In addition, the Charter School also provided axillary services to KTAF and received a reimbursement of \$162,431.

**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 13<sup>th</sup> Street, Newark, New Jersey (the Project) and other buildings leased by the Charter School. The majority of the building was placed in service during fiscal year 2020. The remaining portion was completed and will be placed into service in during fiscal year 2022 (see Note 4). The Charter School has a second note payable agreement with FOT (see Note 15).

**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, 2021

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### 6. RELATED PARTY TRANSACTIONS (Continued)

The Charter School leases a total of six facilities from related parties (see below), with rent totaling \$5,976,983 for the year ended June 30, 2021.

Due from related parties consists of the following as of June 30, 2021:

|                                       |                      |
|---------------------------------------|----------------------|
| FOT - capital advances (Sussex Ave)   | \$ 5,231,258         |
| FOT - capital advances (Maple Ave)    | 4,500,000            |
| KTAF - grants                         | 964,467              |
| KTAF - operating advances             | 528,696              |
| Ashland - refund of rent overpayments | <u>78,924</u>        |
|                                       | <u>\$ 11,303,345</u> |

Governmental activities due to related party of \$5,159,443 consist of operating costs and management fees payable to KTAF as of June 30, 2021.

### 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.

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 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, 2021

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### 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, 2021, was \$1,209,912.

In accordance with N.J.S.A 18A:66-66, the State reimbursed the Charter School \$2,409,694 for the year ended June 30, 2021, for the employer's share of Social Security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$9,329,934 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, 2021

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**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 \$148,735,585 as measured on June 30, 2020, and \$137,150,045 as measured on June 30, 2019.

For the year ended June 30, 2021, the Charter School's pension expense of \$9,249,012 and revenue of \$9,249,012 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, 2021, is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. 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, 2019 and June 30, 2020.

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, 2020</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|
| Collective deferred outflows of resources  | \$ 9,458,881,999     | \$ 9,932,767,606     |
| Collective deferred inflows of resources   | \$ 14,424,322,612    | \$ 17,539,845,423    |
| Collective net pension liability (Non-employer - State of New Jersey)  | \$ 65,848,796,740    | \$ 61,370,943,870    |
| State's portion of the net pension liability that was associated with the Charter School   | \$ 148,735,585       | \$ 137,150,045       |
| State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability | .225874%             | .223480%             |

***Actuarial Assumptions***

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2021

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### 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 93.9% 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

##### *Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) 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, 2020, are summarized in the following table:

|                                | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected Real<br/>Rate of Return</u> |
|--------------------------------|------------------------------|---|
| US Equity                      | 27.00%                       | 7.71%   |
| Non-US Developed Market Equity | 13.50%                       | 8.57%   |
| Emerging Market Equity         | 5.50%                        | 10.23%  |
| Private Equity                 | 13.00%                       | 11.42%  |
| Real Assets                    | 3.00%                        | 9.73%   |
| Real Estate                    | 8.00%                        | 9.56%   |
| High Yield                     | 2.00%                        | 5.95%   |
| Private Credit                 | 8.00%                        | 7.59%   |
| Investment Grade Credit        | 8.00%                        | 2.67%   |
| Cash Equivalents               | 4.00%                        | 0.50%   |
| U.S. Treasuries                | 5.00%                        | 1.94%   |
| Risk Mitigation Strategies     | 3.00%                        | 3.40%   |

##### *Discount Rate*

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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, 2021

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### 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to project 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-tpaf21.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-notice.shtm>

#### 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, 2021, the Charter School reported a liability of \$18,036,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020. At June 30, 2020, the Charter School's proportion was .110600%, which was an increase of .032615% from its proportion measured as of June 30, 2019, which was .077985%.



**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

**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, 2021, the Charter School recognized pension expense of \$1,973,366. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 328,406                                    | \$ 63,783                                    |
| Changes of assumptions  | 585,109                                       | 7,551,848                                    |
| Net difference between projected and actual earnings<br>on pension plan investments                                       | 616,485                                       | -  |
| Changes in proportion and differences between Charter<br>School contributions and proportionate share of<br>contributions | 9,555,783                                     | 1,248,834                                    |
| Charter School contributions subsequent to the<br>measurement date  | <u>1,209,912</u>                              | <u>-</u>                                     |
| Total   | <u>\$ 12,295,695</u>                          | <u>\$ 8,864,465</u>                          |

The \$1,209,912 reported as deferred outflows of resources related to pensions resulting from the Charter School's contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2021, the plan measurement date was June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending<br/>June 30,</u> |                       |
|---------------------------------|-----------------------|
| 2021                            | \$ (2,263,184)        |
| 2022                            | (2,063,336)           |
| 2023                            | (1,179,144)           |
| 2024                            | (476,826)             |
| 2025                            | <u>(105,339)</u>      |
| Total                           | <u>\$ (6,087,829)</u> |

|   | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources                     | \$ 2,347,583,337     | \$ 3,149,522,616     |
| Collective deferred inflows of resources                      | \$ 7,849,949,467     | \$ 7,645,087,574     |
| Collective net pension liability (Non-State -<br>Local Group) | \$ 16,435,616,426    | \$ 18,143,832,135    |
| Charter School's proportion of net pension liability          | 18,036,009           | 14,051,726           |
| Charter School's proportion percentage                        | .110600%             | .077985%             |

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**8. PENSION PLANS – GASB 68 (Continued)**

**Public Employees’ Retirement System (PERS) (Continued)**

***Actuarial Assumptions***

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019, 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, 2020) 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, 2021

**8. PENSION PLANS – GASB 68 (Continued)**

**Public Employees’ Retirement System (PERS) (Continued)**

**Actuarial Assumptions (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, 2020, are summarized in the following table:

|                                | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected Real<br/>Rate of Return</u> |
|--------------------------------|------------------------------|---|
| US Equity                      | 27.00%                       | 7.71%   |
| Non-US Developed Market Equity | 13.50%                       | 8.57%   |
| Emerging Market Equity         | 5.50%                        | 10.23%  |
| Private Equity                 | 13.00%                       | 11.42%  |
| Real Assets                    | 3.00%                        | 9.73%   |
| Real Estate                    | 8.00%                        | 9.56%   |
| High Yield                     | 2.00%                        | 5.95%   |
| Private Credit                 | 8.00%                        | 7.59%   |
| Investment Grade Credit        | 8.00%                        | 2.67%   |
| Cash Equivalents               | 4.00%                        | 0.50%   |
| U.S. Treasuries                | 5.00%                        | 1.94%   |
| Risk Mitigation Strategies     | 3.00%                        | 3.40%   |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate is assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, 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:

|  | <u>2020</u>                        |  |                                    |
|--|------------------------------------|--|------------------------------------|
|  | <u>1%<br/>Decrease<br/>(6.00%)</u> | <u>Current<br/>Discount Rate<br/>(7.00%)</u> | <u>1%<br/>Increase<br/>(8.00%)</u> |
| Charter School’s proportionate share<br>of the net pension liability | <u>\$ 22,882,807</u>               | <u>\$ 18,036,009</u>                         | <u>\$ 14,185,457</u>               |

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**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 (Continued)***

|  | <b>2019</b>                        |  |                                    |
|--|------------------------------------|--|------------------------------------|
|  | <b>1%<br/>Decrease<br/>(5.28%)</b> | <b>Current<br/>Discount Rate<br/>(6.28%)</b> | <b>1%<br/>Increase<br/>(7.28%)</b> |
| Charter School’s proportionate share<br>of the net pension liability | <u>\$ 17,873,092</u>               | <u>\$ 14,051,726</u>                         | <u>\$ 11,011,809</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.

***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.

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 9. POST-RETIREMENT BENEFITS (Continued)

#### Other Postemployment Benefit Plan (OPEB) (Continued)

##### *Plan Description and Benefits Provided* (Continued)

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, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total nonemployer OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**9. POST-RETIREMENT BENEFITS (Continued)**

**Other Postemployment Benefit Plan (OPEB) (Continued)**

***Actuarial Assumptions and Other Inputs***

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

| <b>Inflation:</b>                 | <b>2.50%</b> |   |   |   |
|-----------------------------------|--------------|---|---|---|
|                                   |              | <b>TPAF</b>                             | <b>PERS</b>                             | <b>PFRS</b>                                 |
| Salary increases:<br>Through 2026 |              | 1.55% - 4.45% based<br>on service years | 2.00% - 6.00% based<br>on service years | 3.25% - 15.25%<br>based on service<br>years |
| Salary increases:<br>Thereafter   |              | 1.55% - 4.55% based<br>on service years | 3.00% - 7.00% based<br>on service years | Applied to all<br>future years              |

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projection from the current year using Scale MP-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 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 5.6% 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 2021 through 2022 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% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

***Discount Rate***

The discount rate for June 30, 2020, was 2.21%. 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.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**9. POST-RETIREMENT BENEFITS (Continued)**

**Other Postemployment Benefit Plan (OPEB) (Continued)**

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

|   | <b>Charter School's<br/>Proportionate Share<br/>of the OPEB Liability</b> | <b>Total<br/>OPEB Liability</b> |
|---|---|---------------------------------|
| Balance at June 30, 2018, measurement date                      | \$ 19,368,710   | \$ 46,110,832,982               |
| 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<br>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>           |
| Changes recognized for the fiscal year:                         |   |                                 |
| Service cost  | 4,420,450   | 1,790,973,822                   |
| Interest on total OPEB liability                                | 915,375   | 1,503,341,357                   |
| Effect of changes of assumptions                                | 7,676,310   | 12,386,549,981                  |
| Effect of differences between expected and<br>actual experience | 7,636,346   | 11,544,750,637                  |
| Contributions from the members                                  | 22,175  | 35,781,384                      |
| Gross benefits paid by the State                                | <u>(731,600)</u>  | <u>(1,180,515,618)</u>          |
| Net changes   | <u>19,939,056</u>   | <u>26,080,881,563</u>           |
| Balance at June 30, 2020, measurement date                      | <u>\$ 42,023,834</u>  | <u>\$ 67,809,962,608</u>        |

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

**9. POST-RETIREMENT BENEFITS (Continued)**

**Other Postemployment Benefit Plan (OPEB) (Continued)**

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

The following presents the total nonemployer OPEB liability as of June 30, 2020, 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:

|  | <b>2020</b>                           |  |                                       |
|--|---------------------------------------|--|---------------------------------------|
|  | <b><u>1%<br/>Decrease (1.21%)</u></b> | <b><u>At Discount<br/>Rate (2.21%)</u></b> | <b><u>1%<br/>Increase (3.21%)</u></b> |
| Charter School's proportionate share of the net OPEB liability | \$ 50,661,901                         | \$ 42,023,834                              | \$ 35,269,698                         |
| Total OPEB liability   | <u>\$ 81,748,410,002</u>              | <u>\$ 67,809,962,608</u>                   | <u>\$ 56,911,439,160</u>              |
|  | <b>2019</b>                           |  |                                       |
|  | <b><u>1%<br/>Decrease (2.50%)</u></b> | <b><u>At Discount<br/>Rate (3.50%)</u></b> | <b><u>1%<br/>Increase (4.50%)</u></b> |
| Charter School's proportionate share of the net OPEB liability | \$ 26,090,850                         | \$ 22,084,778                              | \$ 18,902,574                         |
| Total OPEB liability   | <u>\$ 49,298,534,898</u>              | <u>\$ 41,729,081,045</u>                   | <u>\$ 35,716,321,820</u>              |

***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, 2020, 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:

|  | <b>2020</b>                   |  |                               |
|--|-------------------------------|--|-------------------------------|
|  | <b><u>1%<br/>Decrease</u></b> | <b><u>Healthcare Cost<br/>Trend Rate</u></b> | <b><u>1%<br/>Increase</u></b> |
| Charter School's proportionate share of the net OPEB liability | \$ 33,923,056                 | \$ 42,023,834                                | \$ 51,670,060                 |
| Total OPEB liability   | <u>\$ 54,738,488,540</u>      | <u>\$ 67,809,962,608</u>                     | <u>\$ 83,375,182,975</u>      |
|  | <b>2019</b>                   |  |                               |
|  | <b><u>1%<br/>Decrease</u></b> | <b><u>Healthcare Cost<br/>Trend Rate</u></b> | <b><u>1%<br/>Increase</u></b> |
| 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>      |



**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

**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***

For the fiscal year ended June 30, 2021, the Charter School recognized OPEB expense of \$7,030,381 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 \$67,809,962,608. Of this amount, the total OPEB liability attributable to the Charter School was \$42,023,834. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.0620%.

In accordance with GASB Statement 75, as the Charter School 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, 2020, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 10,295,318,750                         | \$ (9,170,703,615)                       |
| Changes of assumptions  | 11,534,251,250                            | (7,737,500,827)                          |
| 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>\$ 21,829,570,000</u>                  | <u>\$ (16,908,204,442)</u>               |

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<br/>June 30,</u> |                         |
|---------------------------------|-------------------------|
| 2021                            | \$ 43,440,417           |
| 2022                            | 43,440,417              |
| 2023                            | 43,440,417              |
| 2024                            | 43,440,417              |
| 2025                            | 43,440,417              |
| Thereafter                      | <u>4,704,163,473</u>    |
| Total                           | <u>\$ 4,921,365,558</u> |

## TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements  
June 30, 2021

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### 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 95% 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, 2021, 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.

Beginning in fiscal year 2020 and continuing into fiscal year 2021, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. There is considerable uncertainty around the duration and the impact it will have on the operations and financial position of the Charter School. As a result, the pandemic's adverse impact on the Charter School's businesses, operating results, cash flows, and financial condition is uncertain.

### 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.

**TEAM ACADEMY CHARTER SCHOOL, INC.**Notes to the Basic Financial Statements  
June 30, 2021

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**14. RECEIVABLES**

Receivables as of June 30, 2021, 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<br/>Revenue</u> | <u>Food<br/>Service</u> | <u>Total</u>        |
|---|---------------------|----------------------------|-------------------------|---------------------|
| Receivable accounts                       | \$ 2,300,893        | \$ 684,953                 | \$ 288,010              | \$ 3,273,856        |
| Less - allowance for doubtful<br>accounts | <u>(538,814)</u>    | <u>-</u>                   | <u>-</u>                | <u>(538,814)</u>    |
| Receivables, net                          | <u>\$ 1,762,079</u> | <u>\$ 684,953</u>          | <u>\$ 288,010</u>       | <u>\$ 2,735,042</u> |

As of June 30, 2021, approximately 53% of the Charter School's school-wide receivables were due from the State of New Jersey. The Charter School received 93% of its total general revenues through contracts from the State of New Jersey.

**15. LONG-TERM DEBT****Note Payables**

The Charter School has a note payable agreement with FOT (see Note 6). The note bears interest at 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 \$11,459,144 as of June 30, 2021. Interest expense totaled \$620,585 for the year ended June 30, 2021.

The Charter School has a second note payable agreement with FOT (see Note 6). The initial agreed upon interest rate is 4.18% and will reset annually beginning on April 2022 to the six-month U.S. Treasury rate plus 3% (3.125% as of June 30, 2021). Quarterly interest-only payments beginning in July 2021 are due through April 2024 (maturity), at which time all unpaid principal and accrued interest are due. This note is unsecured and the outstanding principal balance is \$4,500,000 as of June 30, 2021. There was no interest expense on this note for the year ended June 30, 2021.

**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, 2021. Interest is payable at the London Interbank Offered Rate (LIBOR) plus 3% (3.125% at June 30, 2021). Interest expense and fees totaled approximately \$122,000 for the year ended June 30, 2021. 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, 2021.

**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. Based on the evaluation, the Charter School has determined that no subsequent events require disclosure in the financial statements.

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Basic Financial Statements  
June 30, 2021

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**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, 2021                | \$ 19,771,794       |
| Cost of capital assets, net of accumulated depreciation | 18,532,628          |
| Long-term liabilities - notes payable                   | (15,959,144)        |
| Pension deferred outflows                               | 12,295,695          |
| Pension deferred inflows                                | (8,864,465)         |
| Deferred pension liability as of June 30, 2021          | <u>(18,036,009)</u> |
| Net position (per A-1) as of June 30, 2021              | <u>\$ 7,740,499</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, 2021**

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual             | Variance<br>Final to Actual |
|---|--------------------|---------------------|-------------------|--------------------|-----------------------------|
| <b>REVENUES:</b>                          |                    |                     |                   |                    |                             |
| Local Sources:                            |                    |                     |                   |                    |                             |
| Local share                               | \$ 11,561,538      | \$ 1,284,495        | \$ 12,846,033     | \$ 11,211,679      | \$ 1,634,354                |
| State share                               | 65,515,384         | 7,278,805           | 72,794,189        | 76,209,735         | (3,415,546)                 |
| Philanthropic support                     | 120,000            | 354,483             | 474,483           | 97,794             | 376,689                     |
| Miscellaneous                             | 313,046            | 237,000             | 550,046           | 772,375            | (222,329)                   |
| Total - Local Sources                     | <u>77,509,968</u>  | <u>9,154,783</u>    | <u>86,664,751</u> | <u>88,291,583</u>  | <u>(1,626,832)</u>          |
| Federal Sources:                          |                    |                     |                   |                    |                             |
| SEMI grant                                | <u>206,698</u>     | <u>-</u>            | <u>206,698</u>    | <u>381,971</u>     | <u>(175,273)</u>            |
| State Sources:                            |                    |                     |                   |                    |                             |
| Categorical Aid:                          |                    |                     |                   |                    |                             |
| TPAF Social Security (Reimbursed)         | 2,570,826          | -                   | 2,570,826         | 2,409,694          | 161,132                     |
| TPAF Medical (On-Behalf - Non-Budgeted)   | -                  | -                   | -                 | 2,235,840          | (2,235,840)                 |
| TPAF Pension (On-Behalf - Non-Budgeted)   | 5,360,161          | -                   | 5,360,161         | 7,094,094          | (1,733,933)                 |
| Total State Sources                       | <u>7,930,987</u>   | <u>-</u>            | <u>7,930,987</u>  | <u>11,739,628</u>  | <u>(3,808,641)</u>          |
| <b>Total revenues</b>                     | <u>85,647,653</u>  | <u>9,154,783</u>    | <u>94,802,436</u> | <u>100,413,182</u> | <u>(5,610,746)</u>          |
| <b>EXPENDITURES:</b>                      |                    |                     |                   |                    |                             |
| <b>Current Expense:</b>                   |                    |                     |                   |                    |                             |
| Regular Programs - Instruction:           |                    |                     |                   |                    |                             |
| Teachers salaries                         | 25,835,579         | 135,031             | 25,970,610        | 25,783,130         | 187,480                     |
| Other salaries                            | 899,500            | 760,558             | 1,660,058         | 1,494,848          | 165,210                     |
| General education supplies                | 2,014,136          | 2,057,582           | 4,071,718         | 3,968,141          | 103,577                     |
| Textbooks                                 | 316,120            | 160,488             | 476,608           | 339,084            | 137,524                     |
| Miscellaneous expenses                    | 1,576,871          | 79,278              | 1,656,149         | 787,359            | 868,790                     |
| Total Regular Programs - Instruction      | <u>30,642,206</u>  | <u>3,192,937</u>    | <u>33,835,143</u> | <u>32,372,562</u>  | <u>1,462,581</u>            |
| General Administrative:                   |                    |                     |                   |                    |                             |
| Salaries                                  | 11,530,382         | (1,666,537)         | 9,863,845         | 9,824,218          | 39,627                      |
| Cost of benefits                          | 18,362,918         | (820,581)           | 17,542,337        | 9,302,546          | 8,239,791                   |
| Purchased professional technical services | 10,317,927         | 1,347,458           | 11,665,385        | 11,471,418         | 193,967                     |
| Communications and telephones             | 302,113            | 30,000              | 332,113           | 341,234            | (9,121)                     |
| Supplies and materials                    | 1,168,379          | 78,567              | 1,246,946         | 1,160,383          | 86,563                      |
| Interest on current loans                 | -                  | (620,585)           | (620,585)         | 121,939            | (742,524)                   |
| Miscellaneous expenses                    | 1,287,513          | (691,422)           | 596,091           | 634,563            | (38,472)                    |
| Total General Administrative              | <u>42,969,232</u>  | <u>(2,343,100)</u>  | <u>40,626,132</u> | <u>32,856,301</u>  | <u>7,769,831</u>            |

**TEAM Academy Charter School, Inc.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2021**

|  | Original<br>Budget    | Budget<br>Transfers | Final<br>Budget     | Actual               | Variance<br>Final to Actual |
|--|-----------------------|---------------------|---------------------|----------------------|-----------------------------|
| <b>EXPENDITURES:</b> (Continued)   |                       |                     |                     |                      |                             |
| <b>Current Expense:</b> (Continued)  |                       |                     |                     |                      |                             |
| Support Services:  |                       |                     |                     |                      |                             |
| Salaries   | 7,511,552             | (509,173)           | 7,002,379           | 7,275,056            | (272,677)                   |
| Purchased professional technical services  | 1,135,611             | 94,631              | 1,230,242           | 913,864              | 316,378                     |
| Other purchased services   | 896,689               | 849,376             | 1,746,065           | 1,738,256            | 7,809                       |
| Rental of land and building  | 5,919,576             | (7,673)             | 5,911,903           | 6,483,102            | (571,199)                   |
| Insurance  | 302,719               | (34,210)            | 268,509             | 507,477              | (238,968)                   |
| Supplies and materials   | 1,134,989             | (114,000)           | 1,020,989           | 220,306              | 800,683                     |
| Energy and utilities   | 485,804               | 25,279              | 511,083             | 903,193              | (392,110)                   |
| Miscellaneous expenses   | 354,000               | -                   | 354,000             | 80,402               | 273,598                     |
| Transportation other than to/from school   | 163,195               | (51,558)            | 111,637             | 34,467               | 77,170                      |
| Total Support Services   | <u>17,904,135</u>     | <u>252,672</u>      | <u>18,156,807</u>   | <u>18,156,123</u>    | <u>684</u>                  |
| <b>TOTAL GENERAL CURRENT EXPENDITURES</b>  | <u>91,515,573</u>     | <u>1,102,509</u>    | <u>92,618,082</u>   | <u>83,384,986</u>    | <u>9,233,096</u>            |
| <b>CAPITAL OUTLAY:</b>   |                       |                     |                     |                      |                             |
| Construction services  | -                     | -                   | -                   | 100,000              | (100,000)                   |
| Non-instructional equipment  | -                     | -                   | -                   | 113,502              | (113,502)                   |
| <b>Total Capital Outlay</b>  | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>213,502</u>       | <u>(113,502)</u>            |
| <b>TPAF Social Security</b>  | <u>2,570,826</u>      | <u>-</u>            | <u>2,570,826</u>    | <u>2,409,694</u>     | <u>161,132</u>              |
| <b>TPAF Medical (On-Behalf - Non-Budgeted)</b>   | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>2,235,840</u>     | <u>(2,235,840)</u>          |
| <b>TPAF Pension (On-Behalf - Non-Budgeted)</b>   | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>7,094,094</u>     | <u>(7,094,094)</u>          |
| <b>TOTAL EXPENDITURES - GENERAL FUND</b>   | <u>94,086,399</u>     | <u>1,102,509</u>    | <u>95,188,908</u>   | <u>95,338,116</u>    | <u>(49,208)</u>             |
| <b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>  | <u>(8,438,746)</u>    | <u>8,052,274</u>    | <u>(386,472)</u>    | <u>5,075,066</u>     | <u>(5,561,538)</u>          |
| <b>Other Financing Sources (Uses):</b>   |                       |                     |                     |                      |                             |
| Issuance of notes payable  | -                     | -                   | -                   | 4,500,000            | (4,500,000)                 |
| Transfers to other funds   | -                     | -                   | -                   | (1,678,347)          | 1,678,347                   |
| <b>Total Other Financing Sources</b>   | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>2,821,653</u>     | <u>1,678,347</u>            |
| <b>Excess (Deficit) of Revenues and Other Financing Sources<br/>Over (Under) Expenditures and Other Financing Uses</b> | <u>(8,438,746)</u>    | <u>8,052,274</u>    | <u>(386,472)</u>    | <u>7,896,719</u>     | <u>(3,883,191)</u>          |
| <b>Fund Balance, July 1</b>  | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>11,875,075</u>    | <u>-</u>                    |
| <b>Fund Balance, June 30</b>   | <u>\$ (8,438,746)</u> | <u>\$ 8,052,274</u> | <u>\$ (386,472)</u> | <u>\$ 19,771,794</u> | <u>\$ (3,883,191)</u>       |



**TEAM Academy Charter School, Inc.**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2021**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| <b>REVENUES:</b>   |                            |                             |                         |                   |                                     |
| Federal sources  | \$ 7,209,871               | \$ -                        | \$ 7,209,871            | \$ 7,481,014      | \$ (271,143)                        |
| Philanthropic support  | 5,463,252                  | (1,774,428)                 | 3,688,824               | 2,801,480         | 887,344                             |
| <b>Total Revenues</b>  | <u>12,673,123</u>          | <u>(1,774,428)</u>          | <u>10,898,695</u>       | <u>10,282,494</u> | <u>616,201</u>                      |
| <b>EXPENDITURES:</b>   |                            |                             |                         |                   |                                     |
| <b>Instruction:</b>  |                            |                             |                         |                   |                                     |
| Salaries of teachers   | 335,450                    | 609,311                     | 944,761                 | 925,792           | 18,969                              |
| Other salaries   | -                          | 601,683                     | 601,683                 | 353,000           | 248,683                             |
| General supplies   | 786,250                    | 698,032                     | 1,484,282               | 1,301,648         | 182,634                             |
| Miscellaneous  | 249,220                    | (154,354)                   | 94,866                  | 8,513             | 86,353                              |
| <b>Total Instruction</b>   | <u>1,370,920</u>           | <u>1,754,672</u>            | <u>3,125,592</u>        | <u>2,588,953</u>  | <u>536,639</u>                      |
| <b>Support Services:</b>   |                            |                             |                         |                   |                                     |
| Support service salaries   | 1,330,831                  | 3,290,177                   | 4,621,008               | 5,154,644         | (533,636)                           |
| Employee benefits  | -                          | 1,083,297                   | 1,083,297               | 1,083,298         | (1)                                 |
| Purchased professional services  | 1,187,741                  | (84,764)                    | 1,102,977               | 705,341           | 397,636                             |
| Supplies   | -                          | 11,250                      | 11,250                  | 30,351            | (19,101)                            |
| Miscellaneous  | 872,010                    | 106,816                     | 978,826                 | 719,907           | 258,919                             |
| <b>Total Support Services</b>  | <u>3,390,582</u>           | <u>4,406,776</u>            | <u>7,797,358</u>        | <u>7,693,541</u>  | <u>103,817</u>                      |
| <b>Facilities Acquisition and Construction Services:</b>   |                            |                             |                         |                   |                                     |
| Capital outlay   | 19,111                     | -                           | 19,111                  | -                 | 19,111                              |
| <b>Total Facilities Acquisition and Construction Services</b>  | <u>19,111</u>              | <u>-</u>                    | <u>19,111</u>           | <u>-</u>          | <u>19,111</u>                       |
| <b>Total Expenditures</b>  | <u>4,780,613</u>           | <u>6,161,448</u>            | <u>10,942,061</u>       | <u>10,282,494</u> | <u>659,567</u>                      |
| <b>Excess (Deficit) of Revenues Over (Under) Expenditures<br/>and Other Financing Sources (Uses)</b> | <u>\$ 7,892,510</u>        | <u>\$ (7,935,876)</u>       | <u>\$ (43,366)</u>      | <u>\$ -</u>       | <u>\$ (43,366)</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, 2021

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**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>2021</u>   | <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)  | 0.110600      | 0.077985      | 0.066462      | 0.005380      | 0.004202      | 0.001037      | 0.066001      | 0.081137      |
| Charter School Proportionate Share of the Net Position Liability (Asset)   | \$ 18,036,009 | \$ 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  | \$ 15,997,393 | \$ 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)<br>as a percentage of its covered-employee payroll | 112.74%       | 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   | 88.70%        | 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>2021</u>        | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                   | \$ 1,209,912       | \$ 769,073       | \$ 671,999       | \$ 526,241       | \$ 206,395       | \$ 889,453       | \$ 497,300       | \$ 668,883       |
| Contributions in relation to the contractually required contributions | <u>(1,209,912)</u> | <u>(769,073)</u> | <u>(671,999)</u> | <u>(526,241)</u> | <u>(206,395)</u> | <u>(889,453)</u> | <u>(497,300)</u> | <u>(668,883)</u> |
| Contribution deficit (excess)   | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Charter School covered employee payroll                               | \$ 15,997,393      | \$ 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             | 7.56%              | 8.14%            | 11.35%           | 9.84%            | 6.29%            | 27.09%           | 9.61%            | 10.18%           |

\* 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 Proportionate Share of Net Pension Liability - TPAF**  
**For the Fiscal Years Ended June 30\***

|  | <u>2021</u>                  | <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                         | 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                         | N/A                        |
| State's Proportionate Share of the Net Pension Liability (Asset)<br>associated with the Charter School                     | <u>\$ 148,735,585</u>        | <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>        |
| <b>Total</b>   | <u><u>\$ 148,735,585</u></u> | <u><u>\$ 137,150,045</u></u> | <u><u>\$ 113,863,438</u></u> | <u><u>\$ 118,016,000</u></u> | <u><u>\$ 127,657,156</u></u> | <u><u>\$ 89,255,550</u></u> | <u><u>\$ 47,050,313</u></u> | <u><u>\$ 5,287,441</u></u> |
| Charter School covered employee payroll  | \$ 34,813,293                | \$ 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)<br>as a percentage of its covered-employee payroll | 0%                           | 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                         | 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, 2021

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**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>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|----------------------|----------------------|----------------------|
| Changes for the Year:  |                      |                      |                      |                      |
| Service cost   | \$ 4,420,450         | \$ 3,981,004         | \$ 3,548,125         | \$ 4,343,034         |
| Interest cost  | 915,375              | 891,026              | 874,123              | 711,227              |
| Changes of assumptions   | 7,676,310            | 329,286              | (2,222,656)          | (4,312,831)          |
| Changes between expected and actual expenditures   | 7,636,346            | (1,827,407)          | (3,447,397)          | -                    |
| Member contributions   | 22,175               | 20,096               | 17,900               | 18,010               |
| Gross benefit payments   | (731,600)            | (677,937)            | (517,912)            | (489,104)            |
| Net change in total OPEB liability   | 19,939,056           | 2,716,068            | (1,747,817)          | 270,336              |
| Total OPEB liability - beginning of year   | <u>22,084,778</u>    | <u>19,368,710</u>    | <u>21,116,527</u>    | <u>20,846,191</u>    |
| Total OPEB liability - end of year   | <u>\$ 42,023,834</u> | <u>\$ 22,084,778</u> | <u>\$ 19,368,710</u> | <u>\$ 21,116,527</u> |
| Covered employee payroll - PERS and TPAF   | \$ 12,694,490        | \$ 6,671,333         | \$ 4,925,342         | \$ 4,926,940         |
| Total OPEB liability as a percentage of covered employee payroll                                 | 331%                 | 331%                 | 393%                 | 429%                 |
| State's proportionate share of the net OPEB liability (asset) associated with the Charter School | 0.09%                | 0.05%                | 0.04%                | 0.04%                |
| Charter School's contributions   | \$ -                 | \$ -                 | \$ -                 | \$ -                 |

\* Until a full ten year tend 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, 2021**

|  | <u>Total</u>      | <u>E.S.S.A.</u>  | <u>IDEA Part<br/>B-Basic<br/>Reg. Prog.</u> | <u>SEED</u>    | <u>CSP</u>     | <u>KTAF</u>    | <u>KIPP<br/>Foundation<br/>Grants</u> | <u>National<br/>Summer<br/>School</u> | <u>CARES Act<br/>Education<br/>Fund</u> | <u>Tenacre<br/>Grant</u> | <u>COVID<br/>Relief Grant</u> | <u>Other Private<br/>Grants</u> |
|--|-------------------|------------------|---|----------------|----------------|----------------|---------------------------------------|---------------------------------------|---|--------------------------|-------------------------------|---------------------------------|
| <b>REVENUES:</b>   |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| Intergovernmental:   |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| Federal  | \$ 7,481,014      | \$ 3,811,892     | \$ 1,140,196                                | \$ 194,205     | \$ -           | \$ -           | \$ -                                  | \$ -                                  | \$ 1,685,731                            | \$ -                     | \$ 648,990                    | \$ -                            |
| Other Sources:   |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| Miscellaneous  | 2,801,480         | -                | -   | -              | 895,005        | 720,001        | 460,530                               | 325,500                               | -                                       | 305,000                  | -                             | 95,444                          |
| <b>Total Revenues</b>  | <u>10,282,494</u> | <u>3,811,892</u> | <u>1,140,196</u>                            | <u>194,205</u> | <u>895,005</u> | <u>720,001</u> | <u>460,530</u>                        | <u>325,500</u>                        | <u>1,685,731</u>                        | <u>305,000</u>           | <u>648,990</u>                | <u>95,444</u>                   |
| <b>EXPENDITURES:</b>   |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| <b>Instruction:</b>  |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| Salaries of teachers   | 1,325,835         | 627,837          | -   | 40,139         | 304,859        | -              | 27,500                                | 325,500                               | -                                       | -                        | -                             | -                               |
| Instructional supplies   | 1,254,605         | -                | -   | -              | 168,591        | -              | 329,280                               | -                                     | 162,075                                 | -                        | 544,514                       | 50,145                          |
| Miscellaneous  | 8,513             | -                | -   | -              | -              | -              | -                                     | -                                     | -                                       | -                        | -                             | 8,513                           |
| <b>Total Instruction</b>   | <u>2,588,953</u>  | <u>627,837</u>   | <u>-</u>                                    | <u>40,139</u>  | <u>473,450</u> | <u>-</u>       | <u>356,780</u>                        | <u>325,500</u>                        | <u>162,075</u>                          | <u>-</u>                 | <u>544,514</u>                | <u>58,658</u>                   |
| <b>Support Services:</b>   |                   |                  |   |                |                |                |                                       |                                       |   |                          |                               |                                 |
| Support services salaries  | 5,154,643         | 2,172,133        | 1,140,196                                   | 154,066        | 202,668        | 4,877          | 69,355                                | -                                     | 1,106,348                               | 305,000                  | -                             | -                               |
| Employee benefits  | 1,083,297         | 1,011,922        | -   | -              | -              | 1,042          | 1,975                                 | -                                     | 68,358                                  | -                        | -                             | -                               |
| Miscellaneous  | 739,020           | -                | -   | -              | 2,600          | 667,214        | 32,420                                | -                                     | -                                       | -                        | -                             | 36,786                          |
| Purchased professional services  | 716,581           | -                | -   | -              | 216,287        | 46,868         | -                                     | -                                     | 348,950                                 | -                        | 104,476                       | -                               |
| <b>Total Support Services</b>  | <u>7,693,541</u>  | <u>3,184,055</u> | <u>1,140,196</u>                            | <u>154,066</u> | <u>421,555</u> | <u>720,001</u> | <u>103,750</u>                        | <u>-</u>                              | <u>1,523,656</u>                        | <u>305,000</u>           | <u>104,476</u>                | <u>36,786</u>                   |
| <b>Total Expenditures</b>  | <u>10,282,494</u> | <u>3,811,892</u> | <u>1,140,196</u>                            | <u>194,205</u> | <u>895,005</u> | <u>720,001</u> | <u>460,530</u>                        | <u>325,500</u>                        | <u>1,685,731</u>                        | <u>305,000</u>           | <u>648,990</u>                | <u>95,444</u>                   |
| <b>Excess (Deficit) of Revenues Over (Under)<br/>Expenditures and Other Financing<br/>Sources (Uses)</b> | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ -</u>                                 | <u>\$ -</u>    | <u>\$ -</u>    | <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, 2021**

| <u>Project Title/Issue</u>  | <u>Approval Date</u> | <u>Revised<br/>Budgetary<br/>Appropriations</u> | <u>GAAP<br/>Expenditures to Date</u> |                         | <u>Unexpended<br/>Appropriations<br/>June 30, 2021</u> |
|---|----------------------|---|--------------------------------------|-------------------------|--|
|   |                      |   | <u>Prior<br/>Years</u>               | <u>Current<br/>Year</u> |  |
| 300 N. 13 <sup>th</sup> Street facility - Purchase and renovation of existing classrooms including, but not limited to, new ceilings, flooring, and painting. | 9/28/2018            | <u>\$ 10,128,209</u>                            | <u>\$ 8,695,897</u>                  | <u>\$ 1,432,312</u>     | <u>\$ -</u>  |
| Totals  |                      | <u>\$ 10,128,209</u>                            | <u>\$ 8,695,897</u>                  | <u>\$ 1,432,312</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, 2021**

**Expenditures:**

## Capital Outlay:

|                         |                     |
|-------------------------|---------------------|
| Construction in process | <u>\$ 1,432,312</u> |
|-------------------------|---------------------|

|                    |                  |
|--------------------|------------------|
| Total expenditures | <u>1,432,312</u> |
|--------------------|------------------|

|  |                    |
|--|--------------------|
| Deficit of revenues under expenditures | <u>(1,432,312)</u> |
|--|--------------------|

**Other Financing Sources:**

|                           |         |
|---------------------------|---------|
| Issuance of notes payable | 374,550 |
|---------------------------|---------|

|                             |                  |
|-----------------------------|------------------|
| Transfers from General Fund | <u>1,057,762</u> |
|-----------------------------|------------------|

|                               |                  |
|-------------------------------|------------------|
| Total other financing sources | <u>1,432,312</u> |
|-------------------------------|------------------|

|                            |   |
|----------------------------|---|
| Net change in fund balance | - |
|----------------------------|---|

|                                   |          |
|-----------------------------------|----------|
| <b>Fund Balance, July 1, 2020</b> | <u>-</u> |
|-----------------------------------|----------|

|                                    |                    |
|------------------------------------|--------------------|
| <b>Fund Balance, June 30, 2021</b> | <u><u>\$ -</u></u> |
|------------------------------------|--------------------|

**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, 2021**

|  | <u>Prior Periods</u> | <u>Current<br/>Period</u> | <u>Totals</u>         |
|--|----------------------|---------------------------|-----------------------|
| <b>Revenues and Other Financing Sources:</b>           |                      |                           |                       |
| Issuance of note payable                               | \$ 7,593,441         | \$ 374,550                | \$ 7,967,991          |
| Transfers from general fund                            | 1,102,456            | 1,057,762                 | 2,160,218             |
| <br>Total revenues and other financing sources         | <br><u>8,695,897</u> | <br><u>1,432,312</u>      | <br><u>10,128,209</u> |
| <b>Expenditures and Other Financing Uses:</b>          |                      |                           |                       |
| Building purchase                                      | 6,069,900            | -                         | 6,069,900             |
| Building improvements                                  | 2,005,412            | 1,432,312                 | 3,437,724             |
| Interest expense                                       | 620,585              | -                         | 620,585               |
| <br>Total expenditures and other financing uses        | <br><u>8,695,897</u> | <br><u>1,432,312</u>      | <br><u>10,128,209</u> |
| <br>Excess (deficit) of revenues over (under) expenses | <br><u>\$ -</u>      | <br><u>\$ -</u>           | <br><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 Funds**  
**As of June 30, 2021**

|                                    | <b>Business-type<br/>                     Activities -<br/>                     Enterprise Fund<br/> <u>Food Service</u></b> |
|------------------------------------|--|
| <b>ASSETS:</b>                     |  |
| Current Assets:                    |  |
| Accounts receivable:               |  |
| Federal receivables                | \$ 281,294   |
| State                              | 5,788  |
| Other                              | <u>928</u>   |
| Total assets                       | <u><u>\$ 288,010</u></u>   |
| <b>LIABILITIES:</b>                |  |
| Current Liabilities:               |  |
| Accounts payable                   | \$ 143,218   |
| Due to funds                       | <u>118,850</u>   |
| Total liabilities                  | 262,068  |
| <b>NET POSITION:</b>               |  |
| Unrestricted                       | <u>25,942</u>  |
| Total liabilities and net position | <u><u>\$ 288,010</u></u>   |

**TEAM Academy Charter School, Inc.**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

|   | <u>Business-type<br/>Activities -<br/>Enterprise Fund<br/>Food Service</u> |
|---|--|
| <b>Operating Revenues:</b>                    |  |
| Charges for services:                         |  |
| Daily sales - nonreimbursable programs        | \$ 688   |
| Total operating revenues                      | <u>688</u>   |
| <b>Operating Expenses:</b>                    |  |
| Cost of sales - reimbursable programs         | <u>1,314,636</u>   |
| Operating loss                                | <u>(1,313,948)</u>   |
| <b>Nonoperating Revenues:</b>                 |  |
| State sources:                                |  |
| State school lunch program                    | 28,374   |
| Federal sources:                              |  |
| National school lunch program                 | 775,503  |
| School breakfast program                      | 406,145  |
| Fresh fruit and vegetable program             | <u>129,868</u>   |
| Total nonoperating revenues                   | <u>1,339,890</u>   |
| Change in net position                        | 25,942   |
| <b>Total Net Position - beginning of year</b> | <u>-</u>   |
| <b>Total Net Position - ending of year</b>    | <u><u>\$ 25,942</u></u>  |

**TEAM Academy Charter School, Inc.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

**Cash Flows from Operating Activities:**

|                                       |                    |
|---------------------------------------|--------------------|
| Receipts from customers               | \$ 52,870          |
| Payments to suppliers                 | <u>(1,261,954)</u> |
| Net cash used in operating activities | <u>(1,209,084)</u> |

**Cash Flows from Non-capital Financing Activities:**

|   |                  |
|---|------------------|
| State and Federal sources                             | <u>1,113,125</u> |
| Net cash provided by non-capital financing activities | <u>1,113,125</u> |
| Net decrease in cash and cash equivalents             | (95,959)         |

**Cash and Cash Equivalents**, beginning of year95,959**Cash and Cash Equivalents**, end of year\$ -**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: | \$ (1,313,948)               |
| Changes in operating assets and liabilities:                                      |                              |
| Decrease in other receivables   | 52,182                       |
| Increase in accounts payable  | (66,168)                     |
| Increase in due to funds  | <u>118,850</u>               |
| Net cash used in operating activities   | <u><u>\$ (1,209,084)</u></u> |

## **LONG-TERM DEBT**

**TEAM Academy Charter School, Inc.**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Fiscal Year Ended June 30, 2021**

|  | <b>Original<br/>Budget</b> | <b>Budget<br/>Transfers</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Final to Actual</b> |
|--|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| <b>Revenues:</b>   |                            |                             |                         |               |                                     |
| Interest income  | \$ -                       | \$ -                        | \$ -                    | \$ -          | \$ -                                |
| <b>Expenditures:</b>   |                            |                             |                         |               |                                     |
| Regular debt service:  |                            |                             |                         |               |                                     |
| Interest expense   | -                          | 620,585                     | 620,585                 | 620,585       | -                                   |
| Total expenditures   | -                          | 620,585                     | 620,585                 | 620,585       | -                                   |
| <b>Other Financing Sources (Uses):</b>                       |                            |                             |                         |               |                                     |
| Transfers from general fund                                  | -                          | -                           | -                       | 620,585       | (620,585)                           |
| Excess (deficiency) of revenues over<br>(under) expenditures | -                          | (620,585)                   | (620,585)               | -             | 620,585                             |
| <b>Fund Balance, July 1</b>                                  | -                          | -                           | -                       | -             | -                                   |
| <b>Fund Balance, June 30</b>                                 | \$ -                       | \$ (620,585)                | \$ (620,585)            | \$ -          | \$ 620,585                          |

## 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>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u><br>(As Restated) | <u>2017</u>           | <u>2016</u>         | <u>2015</u>        | <u>2014</u>           | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|---------------------|------------------------------|-----------------------|---------------------|--------------------|-----------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                 |                     |                     |                     |                              |                       |                     |                    |                       |                     |                     |
| Invested in capital assets, net of related debt | \$ 2,573,484        | \$ 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        |
| Restricted for capital projects                 | -                   | -                   | (595,630)           | -                            | -                     | -                   | -                  | -                     | -                   | -                   |
| Unrestricted                                    | <u>5,167,015</u>    | <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>    |
| Total governmental activities net position      | <u>\$ 7,740,499</u> | <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> |
| <b>Business-type Activities:</b>                |                     |                     |                     |                              |                       |                     |                    |                       |                     |                     |
| Unrestricted                                    | <u>\$ 25,942</u>    | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 54,924</u>             | <u>\$ 40,142</u>      | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>         |
| Total business-type activities net position     | <u>\$ 25,942</u>    | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 54,924</u>             | <u>\$ 40,142</u>      | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>         |
| <b>School-wide:</b>                             |                     |                     |                     |                              |                       |                     |                    |                       |                     |                     |
| Invested in capital assets, net of related debt | \$ 2,573,484        | \$ 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        |
| Restricted for capital projects                 | -                   | -                   | (595,630)           | -                            | -                     | -                   | -                  | -                     | -                   | -                   |
| Unrestricted                                    | <u>5,192,957</u>    | <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>    |
| Total school-wide net position                  | <u>\$ 7,766,441</u> | <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> |

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

|  | 2021                   | 2020                   | 2019                   | 2018                   | 2017                   | 2016                   | 2015                   | 2014                   | 2013                   | 2012                   |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Expenses:</b>   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Instruction:   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Regular  | \$ 34,961,515          | \$ 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          |
| Support services:  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General administration                                     | 33,476,886             | 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              |
| School administrative services                             | 25,849,664             | 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              |
| On-behalf and reimbursed TPAF Social Security and pension  | 11,739,628             | 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              |
| Capital outlay   | 1,645,814              | 2,017,231              | 11,014,967             | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Transfers  | -                      | 305,122                | 89,666                 | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| Unallocated depreciation                                   | 908,707                | 1,248,980              | 677,981                | 298,625                | 270,914                | -                      | 189,294                | 177,466                | 152,892                | 91,984                 |
| Total governmental activities expenses                     | <u>108,582,214</u>     | <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>      |
| Business-type activities:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food service   | 1,314,636              | 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              |
| Total business-type activities expense                     | <u>1,314,636</u>       | <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>       |
| Total school expenses                                      | <u>\$ 109,896,850</u>  | <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>   |
| <b>Program Revenues:</b>                                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating grants and contributions                         | \$ 10,282,494          | \$ 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           |
| Total governmental activities program revenues             | <u>10,282,494</u>      | <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>       |
| Business-type activities:                                  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Non-operating grants and contributions                     | 1,339,890              | 2,690,943              | 3,169,070              | 2,830,415              | 2,724,007              | -                      | -                      | -                      | -                      | -                      |
| Food service and transfers                                 | 688                    | 473,847                | 428,994                | 424,209                | 374,154                | 2,795,185              | 2,416,922              | 1,611,326              | 1,241,906              | 1,055,713              |
| Total business type activities program revenues            | <u>1,340,578</u>       | <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>       |
| Total district program revenues                            | <u>\$ 11,623,072</u>   | <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>    |
| <b>Net (Expense)/Revenue:</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                    | \$ (98,299,720)        | \$ (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)        |
| Business-type activities                                   | 25,942                 | -                      | (54,924)               | 14,782                 | 40,142                 | -                      | -                      | -                      | -                      | -                      |
| Total school-wide net expense                              | <u>\$ (98,273,778)</u> | <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> |
| <b>General Revenues and Other Changes in Net Position:</b> |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Grants and contributions                                   | \$ 88,429,128          | \$ 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          |
| Property taxed levied for general purposes                 | 11,211,679             | 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              |
| Increase in net capital outlay                             | 1,645,814              | 2,017,231              | 11,014,967             | *                      | *                      | *                      | *                      | *                      | *                      | *                      |
| Miscellaneous income                                       | 772,375                | 725,447                | 713,483                | 1,458,565              | 1,403,171              | 663,448                | 1,166,554              | 558,318                | 1,821,397              | 794,627                |
| Total governmental activities                              | <u>102,058,996</u>     | <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>      |
| Total school-wide  | <u>\$ 102,058,996</u>  | <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>   |
| <b>Change in Net Position (before change in pension):</b>  |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                    | \$ 3,759,276           | \$ (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           |
| Business-type activities                                   | 25,942                 | -                      | (54,924)               | 14,782                 | 40,142                 | -                      | -                      | -                      | -                      | -                      |
| Total school   | <u>\$ 3,785,218</u>    | <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>    |

\* Information not provided on prior year schedules

**TEAM Academy Charter School, Inc.**  
**Statement of Net Position**  
**GASB to FASB Reconciliation**  
**As of June 30, 2021**

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total GASB</u>    | <u>GASB to FASB<br/>Reconciliation</u> | <u>Total FASB</u>    |
|--|------------------------------------|-------------------------------------|----------------------|--|----------------------|
| <b>ASSETS:</b>   |                                    |                                     |                      |  |                      |
| Cash and cash equivalents                                  | \$ 17,630,029                      | \$ -                                | \$ 17,630,029        | \$ -                                   | \$ 17,630,029        |
| Due from (to) funds  | 118,850                            | (118,850)                           | -                    | -                                      | -                    |
| Receivables, net   | 2,447,032                          | 288,010                             | 2,735,042            | -                                      | 2,735,042            |
| Due from related parties                                   | 11,303,345                         | -                                   | 11,303,345           | -                                      | 11,303,345           |
| Prepaid expenses   | 287,317                            | -                                   | 287,317              | -                                      | 287,317              |
| Residual interest in property                              | -                                  | -                                   | -                    | 1,100,000 (4)                          | 1,100,000            |
| Capital assets, net  | 18,532,628                         | -                                   | 18,532,628           | 462,292 (2)                            | 18,994,920           |
| Total assets   | <u>50,319,201</u>                  | <u>169,160</u>                      | <u>50,488,361</u>    | <u>1,562,292</u>                       | <u>52,050,653</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                     |                                    |                                     |                      |  |                      |
| Pension deferred outflows                                  | <u>12,295,695</u>                  | <u>-</u>                            | <u>12,295,695</u>    | <u>-</u>                               | <u>12,295,695</u>    |
| Total assets and deferred outflows of resources            | <u>\$ 62,614,896</u>               | <u>\$ 169,160</u>                   | <u>\$ 62,784,056</u> | <u>\$ 1,562,292</u>                    | <u>\$ 64,346,348</u> |
| <b>LIABILITIES:</b>  |                                    |                                     |                      |  |                      |
| Intergovernmental payables - state                         | \$ 2,502,599                       | \$ -                                | \$ 2,502,599         | \$ -                                   | \$ 2,502,599         |
| Accounts payable   | 3,254,349                          | 143,218                             | 3,397,567            | -                                      | 3,397,567            |
| Payroll deductions and withholdings payable                | 1,006,093                          | -                                   | 1,006,093            | -                                      | 1,006,093            |
| Deferred revenue   | 92,295                             | -                                   | 92,295               | -                                      | 92,295               |
| Due to related party                                       | 5,159,443                          | -                                   | 5,159,443            | -                                      | 5,159,443            |
| Deferred rent payable                                      | -                                  | -                                   | -                    | 1,473,118 (3)                          | 1,473,118            |
| Notes payable  | 15,959,144                         | -                                   | 15,959,144           | -                                      | 15,959,144           |
| Net pension liability                                      | 18,036,009                         | -                                   | 18,036,009           | -                                      | 18,036,009           |
| Total liabilities  | <u>46,009,932</u>                  | <u>143,218</u>                      | <u>46,153,150</u>    | <u>1,473,118</u>                       | <u>47,626,268</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                      |                                    |                                     |                      |  |                      |
| Pension deferred inflows                                   | <u>8,864,465</u>                   | <u>-</u>                            | <u>8,864,465</u>     | <u>-</u>                               | <u>8,864,465</u>     |
| Total liabilities and deferred inflows of resources        | <u>54,874,397</u>                  | <u>143,218</u>                      | <u>55,017,615</u>    | <u>1,473,118</u>                       | <u>56,490,733</u>    |
| <b>NET POSITION:</b>                                       |                                    |                                     |                      |  |                      |
| Invested in capital assets, net of capital debt            | 2,573,484                          | -                                   | 2,573,484            | -                                      | 2,573,484            |
| Unrestricted   | 5,167,015                          | 25,942                              | 5,192,957            | 89,174 (1)                             | 5,282,131            |
| Total net position   | <u>7,740,499</u>                   | <u>25,942</u>                       | <u>7,766,441</u>     | <u>89,174</u>                          | <u>7,855,615</u>     |
| Total net position and liabilities                         | <u>\$ 62,614,896</u>               | <u>\$ 169,160</u>                   | <u>\$ 62,784,056</u> | <u>\$ 1,562,292</u>                    | <u>\$ 64,346,348</u> |
| Fund Balance, June 30, 2021 - B-1                          | \$ 19,771,794                      |                                     |                      |  | \$ 19,659,103        |
| Cost of capital assets, net of accumulated depreciation    | 18,532,628                         |                                     |                      |  | 18,532,628           |
| Net change in pension (fund to school-wide reconciliation) | -                                  |                                     |                      |  | 227,807              |
| Principal balance of notes payable                         | (15,959,144)                       |                                     |                      |  | (15,959,144)         |
| Net position before pension adjustments                    | 22,345,278                         |                                     |                      |  | 22,460,394           |
| Less - pension, net (deficit)                              | (14,604,779)                       |                                     |                      |  | (14,604,779)         |
| Total net position, June 30, 2021                          | <u>\$ 7,740,499</u>                |                                     |                      |  | <u>\$ 7,855,615</u>  |

**Notes:**

- (1) Ending accumulated impact of GASB to FASB reconciliation.  
(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) FASB reconciliation to include the donation of residual interest in property under FASB.

**TEAM Academy Charter School, Inc.**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**GASB to FASB Reconciliation**  
**For the Year Ended June 30, 2021**

|   | 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 | Debt Service Fund |                          | Business-type Activities - Enterprise Fund |                      |                             |                      |
| <b>REVENUES:</b>  |                      |                      |                       |                   |                          |  |                      |                             |                      |
| Local sources:  |                      |                      |                       |                   |                          |  |                      |                             |                      |
| State share   | \$ 76,209,735        | \$ -                 | \$ -                  | \$ -              | \$ 76,209,735            | \$ -                                       | \$ 76,209,735        | \$ -                        | \$ 76,209,735        |
| Local share   | 11,211,679           | -                    | -                     | -                 | 11,211,679               | -  | 11,211,679           | -                           | 11,211,679           |
| Philanthropic support   | 97,794               | 2,801,480            | -                     | -                 | 2,899,274                | -  | 2,899,274            | -                           | 2,899,274            |
| Miscellaneous   | 772,375              | -                    | -                     | -                 | 772,375                  | 688  | 773,063              | -                           | 773,063              |
| Total - local sources   | <u>88,291,583</u>    | <u>2,801,480</u>     | <u>-</u>              | <u>-</u>          | <u>91,093,063</u>        | <u>688</u>                                 | <u>91,093,751</u>    | <u>-</u>                    | <u>91,093,751</u>    |
| Federal sources   | 381,971              | 7,481,014            | -                     | -                 | 7,862,985                | 1,311,516                                  | 9,174,501            | -                           | 9,174,501            |
| State sources   | 11,739,628           | -                    | -                     | -                 | 11,739,628               | 28,374                                     | 11,768,002           | -                           | 11,768,002           |
| Total revenues  | <u>100,413,182</u>   | <u>10,282,494</u>    | <u>-</u>              | <u>-</u>          | <u>110,695,676</u>       | <u>1,340,578</u>                           | <u>112,036,254</u>   | <u>-</u>                    | <u>112,036,254</u>   |
| <b>EXPENDITURES:</b>  |                      |                      |                       |                   |                          |  |                      |                             |                      |
| Current:  |                      |                      |                       |                   |                          |  |                      |                             |                      |
| Instruction   | 32,372,562           | 2,588,953            | -                     | -                 | 34,961,515               | -  | 34,961,515           | -                           | 34,961,515           |
| Administrative  | 32,856,301           | -                    | -                     | 620,585           | 33,476,886               | -  | 33,476,886           | -                           | 33,476,886           |
| Support services  | 18,156,123           | 7,693,541            | -                     | -                 | 25,849,664               | 1,314,636                                  | 27,164,300           | (97,736) (2)                | 27,066,564           |
| TPAF Pension (On-Behalf - Non-Budgeted)                           | 7,094,094            | -                    | -                     | -                 | 7,094,094                | -  | 7,094,094            | -                           | 7,094,094            |
| TPAF Social Security (Reimbursed)                                 | 2,409,694            | -                    | -                     | -                 | 2,409,694                | -  | 2,409,694            | -                           | 2,409,694            |
| TPAF Pension (On-Behalf - Non-Budgeted)                           | 2,235,840            | -                    | -                     | -                 | 2,235,840                | -  | 2,235,840            | -                           | 2,235,840            |
| Capital outlay  | 213,502              | -                    | 1,432,312             | -                 | 1,645,814                | -  | 1,645,814            | (1,645,814) (3)             | -                    |
| Depreciation expense  | -                    | -                    | -                     | -                 | -                        | -  | -                    | 908,707 (4)                 | 908,707              |
| Total expenditures  | <u>95,338,116</u>    | <u>10,282,494</u>    | <u>1,432,312</u>      | <u>620,585</u>    | <u>107,673,507</u>       | <u>1,314,636</u>                           | <u>108,988,143</u>   | <u>(834,843)</u>            | <u>108,153,300</u>   |
| Excess (deficit) of revenues over (under) expenditures            | <u>5,075,066</u>     | <u>-</u>             | <u>(1,432,312)</u>    | <u>(620,585)</u>  | <u>3,022,169</u>         | <u>25,942</u>                              | <u>3,048,111</u>     | <u>834,843</u>              | <u>3,882,954</u>     |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |                      |                      |                       |                   |                          |  |                      |                             |                      |
| Issuance of note payable  | 4,500,000            | -                    | 374,550               | -                 | 4,874,550                | -  | 4,874,550            | (4,874,550) (5)             | -                    |
| Write-off of deferred rent liabilities                            | -                    | -                    | -                     | -                 | -                        | -  | -                    | 2,130,683 (7)               | 2,130,683            |
| Donation of residual interest in property                         | -                    | -                    | -                     | -                 | -                        | -  | -                    | 1,100,000 (8)               | 1,100,000            |
| Net change in pension (fund to school-wide reconciliation)        | (227,807) (6)        | -                    | -                     | -                 | (227,807)                | -  | (227,807)            | -                           | (227,807)            |
| Transfers between funds   | (1,678,347)          | -                    | 1,057,762             | 620,585           | -                        | -  | -                    | -                           | -                    |
| Total other financing sources (uses)                              | <u>2,593,846</u>     | <u>-</u>             | <u>1,432,312</u>      | <u>620,585</u>    | <u>4,646,743</u>         | <u>-</u>                                   | <u>4,646,743</u>     | <u>(1,643,867)</u>          | <u>3,002,876</u>     |
| Net change in fund balances                                       | 7,668,912            | -                    | -                     | -                 | 7,668,912                | 25,942                                     | 7,694,854            | (809,024)                   | 6,885,830            |
| <b>Fund Balance - July 1, 2020</b>                                | <u>11,875,075</u>    | <u>-</u>             | <u>-</u>              | <u>-</u>          | <u>11,875,075</u>        | <u>-</u>                                   | <u>11,875,075</u>    | <u>(3,239,245) (1)</u>      | <u>8,635,830</u>     |
| Net change in capital assets (fund to school-wide reconciliation) | -                    | -                    | -                     | -                 | -                        | -  | -                    | (737,107) (3) (4)           | (737,107)            |
| Net change in note payable (fund to school-wide reconciliation)   | -                    | -                    | -                     | -                 | -                        | -  | -                    | 4,874,550 (5)               | 4,874,550            |
| <b>Fund Balance - June 30, 2021</b>                               | <u>\$ 19,543,987</u> | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ 19,543,987</u>     | <u>\$ 25,942</u>                           | <u>\$ 19,569,929</u> | <u>\$ 89,174</u>            | <u>\$ 19,659,103</u> |

**Notes:**

- (1) Beginning accumulated impact of GASB to FASB reconciliation.
- (2) FASB reconciliation to include 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 fiscal year 2021 loan proceeds.
- (6) FASB reconciliation to add net change in pension.
- (7) FASB reconciliation to include the write-off of deferred rent liabilities under FASB.
- (8) FASB reconciliation to include the donation of residual interest in property under FASB.

**TEAM Academy Charter School, Inc.**  
**Statement of Cash Flows - FASB**  
**For the Year Ended June 30, 2021**

**Cash Flows from Operating Activities:**

|   |                  |
|---|------------------|
| Changes in fund balance   | \$ 6,885,830     |
| Adjustment to reconcile changes in fund balance to net cash provided by operating activities: |                  |
| Pension deferred outflows   | (4,019,972)      |
| Pension deferred inflows  | 263,496          |
| Depreciation  | 908,707          |
| Donation of residual interest in property   | (1,100,000)      |
| Changes in operating assets and liabilities:  |                  |
| Receivables   | 514,938          |
| Due from related parties  | (895,084)        |
| Prepaid expenses  | 558,199          |
| Deferred rent receivable  | 186,375          |
| Intergovernmental payables - state  | 1,747,877        |
| Accounts payable  | (1,102,202)      |
| Payroll deductions and withholdings   | (526,892)        |
| Deferred revenue  | 39,254           |
| Due to related party  | 2,542,020        |
| Deferred rent payable   | (2,414,794)      |
| Net pension liability   | 3,984,283        |
|   | <u>7,572,035</u> |
| Net cash provided by operating activities   | <u>7,572,035</u> |

**Cash Flows from Investing Activities:**

|                                       |                     |
|---------------------------------------|---------------------|
| Due from related parties              | (9,731,258)         |
| Purchases of capital assets           | (1,645,814)         |
|                                       | <u>(11,377,072)</u> |
| Net cash used in investing activities | <u>(11,377,072)</u> |

**Cash Flows from Financing Activities:**

|                             |                  |
|-----------------------------|------------------|
| Proceeds from notes payable | <u>4,874,550</u> |
|-----------------------------|------------------|

**Net Change in Cash**

1,069,513

**Cash:**

|                   |                   |
|-------------------|-------------------|
| Beginning of year | <u>16,560,516</u> |
|-------------------|-------------------|

|             |                             |
|-------------|-----------------------------|
| End of year | <u><u>\$ 17,630,029</u></u> |
|-------------|-----------------------------|

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

|                          | <u>2021</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>         |
|--------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| Governmental Funds:      |                      |                      |                      |                     |                     |                     |                      |                     |                     |                     |
| Unreserved               | \$ 19,771,794        | \$ 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        |
| Reserved                 | -                    | -                    | (595,630)            | -                   | -                   | -                   | -                    | -                   | -                   | -                   |
| Total Governmental Funds | <u>\$ 19,771,794</u> | <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> |

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

|  | <u>2021</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>         |
|--|---------------------|-------------------|---------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>   |                     |                   |                     |                   |                       |                     |                     |                     |                     |                     |
| State sources  | \$ 87,949,363       | \$ 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       |
| Local tax levy   | 11,211,679          | 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           |
| Federal sources  | 7,862,985           | 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           |
| Financing  | 4,874,550           | 1,147,871         | 9,936,723           | -                 | -                     | -                   | -                   | -                   | -                   | -                   |
| Philanthropic support  | 2,899,274           | 2,190,759         | 1,989,336           | *                 | *                     | *                   | *                   | *                   | *                   | *                   |
| Miscellaneous  | 772,375             | 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           |
| <b>Total revenues</b>  | <u>115,570,226</u>  | <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>   |
| <b>Expenditures:</b>   |                     |                   |                     |                   |                       |                     |                     |                     |                     |                     |
| Instruction:   |                     |                   |                     |                   |                       |                     |                     |                     |                     |                     |
| Regular instruction  | 34,961,515          | 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          |
| Support Services:  |                     |                   |                     |                   |                       |                     |                     |                     |                     |                     |
| General administration   | 33,476,886          | 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           |
| Support services   | 25,849,664          | 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           |
| TPAF Social Security and Pension                                   | 11,739,628          | 9,184,148         | 8,702,511           | **                | **                    | **                  | **                  | **                  | **                  | **                  |
| Capital outlay   | 1,645,814           | 2,017,231         | 11,014,967          | 1,450,679         | 766,194               | 598,598             | 1,059,471           | 208,709             | 694,347             | 767,942             |
| Transfers  | -                   | 305,122           | 89,666              | -                 | -                     | -                   | -                   | -                   | -                   | -                   |
| <b>Total expenditures</b>  | <u>107,673,507</u>  | <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>   |
| Excess (deficit) of revenues<br>over (under) expenditures          | <u>7,896,719</u>    | <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>    |
| <b>Net change in fund balances</b>                                 | <u>\$ 7,896,719</u> | <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> |
| <b>Debt Service as a Percentage of<br/>Noncapital Expenditures</b> | 4.60%               | 1.21%             | 11.57%              | 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<br/>Grants</u> | <u>Other Local</u> | <u>Totals</u> |
|------|---------------|---------------------------|--------------------|---------------|
| 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 | 281,294       | -                         | 663,448            | 944,742       |
| 2017 | 5,788         | 1,403,171                 | -                  | 1,408,959     |
| 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       |
| 2021 | 385,129       | 387,246                   | -                  | 772,375       |

**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, 2021**

| <u>Fiscal Year Ended<br/>June 30,</u> | <u>Governmental Activities</u>          |                             |                           |                         | <u>Business-type<br/>Activities</u> | <u>Total<br/>Charter School</u> | <u>Percentage of<br/>Personal Income</u> | <u>Per Capita</u> |
|---------------------------------------|---|-----------------------------|---------------------------|-------------------------|-------------------------------------|---------------------------------|--|-------------------|
|                                       | <u>General<br/>Obligation<br/>Bonds</u> | <u>Mortgage<br/>Payable</u> | <u>Capital<br/>Leases</u> | <u>Note<br/>Payable</u> | <u>Capital<br/>Leases</u>           |                                 |  |                   |
| 2021                                  | <u>\$ -</u>                             | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$ 15,959,144</u>    | <u>\$ -</u>                         | <u>\$ 15,959,144</u>            | <u>\$ 54,056,329</u>                     | <u>\$ 67,657</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).

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**TEAM Academy Charter School, Inc.  
Demographic and Economic Statistics  
For the Fiscal Year Ended June 30, 2021**

| Year | Population <sup>a</sup> | Personal Income<br>(thousands of dollars) <sup>b</sup> | County Per Capita<br>Personal Income <sup>c</sup> | Unemployment Rate <sup>d</sup> |
|------|-------------------------|--|---|--------------------------------|
| 2012 | 785,063                 | 43,221,035   | 55,054  | 10.7%                          |
| 2013 | 786,649                 | 43,901,088   | 55,808  | 9.7%                           |
| 2014 | 788,726                 | 46,129,885   | 58,487  | 8.0%                           |
| 2015 | 790,439                 | 48,089,979   | 60,840  | 6.9%                           |
| 2016 | 792,689                 | 49,411,680   | 62,334  | 6.0%                           |
| 2017 | 796,349                 | 51,151,274   | 64,232  | 5.7%                           |
| 2018 | 798,570                 | 53,951,668   | 67,459  | 5.2%                           |
| 2019 | 798,975                 | 54,056,329   | 67,657  | 4.4%                           |
| 2020 | *                       | *  | *   | 10.8%                          |
| 2021 | *                       | *  | *   | 11.7%                          |

**Source:**

<sup>a</sup> Population information provided by the NJ Dept. of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Personal capital income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> 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, 2021**

| <u>Employer</u>                      | <u>Employees</u> | <u>Rank<br/>[Optional]</u> | <u>Percentage of<br/>Total<br/>Municipal<br/>Employment</u> |
|--------------------------------------|------------------|----------------------------|---|
| Newark Liberty International Airport | 24,500           | 1                          | 18.00%  |
| Verizon Communications               | 20,700           | 2                          | 15.00%  |
| Continental - United Airlines        | 15,800           | 3                          | 12.00%  |
| Public Service Enterprise Group      | 13,400           | 4                          | 10.00%  |
| Robert Wood Johnson Health           | 12,945           | 5                          | 10.00%  |
| Prudential Financial, Inc.           | 11,000           | 6                          | 8.00%   |
| Newark Board of Education            | 8,743            | 7                          | 6.00%   |
| US Government                        | 6,000            | 8                          | 4.00%   |
| Horizon Blue Cross and Blue Shield   | 5,595            | 9                          | 4.00%   |
| Newark Hospitals                     | 5,523            | 10                         | 4.00%   |
| NJ Transit                           | 4,000            |                            | 3.00%   |

## **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>2021</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> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Instruction:</b>                      |             |             |             |             |             |             |             |             |             |             |
| Regular                                  | 298         | 295         | 252         | 362         | 275         | 273         | 239         | 193         | 181         | 126         |
| Special education                        | 57          | 178         | 82          | 28          | 32          | 30          | 32          | 30          | 5           | 4           |
| Vocational                               | 5           | 9           | 8           | -           | -           | -           | -           | -           | -           | -           |
| Other instruction                        | 23          | 16          | 20          | -           | -           | -           | -           | -           | -           | -           |
| <b>Support Services:</b>                 |             |             |             |             |             |             |             |             |             |             |
| School administrative services           | 140         | 159         | 153         | 56          | 36          | 36          | 36          | 76          | 78          | 76          |
| Student and instruction related services | 134         | 56          | 49          | 35          | 39          | 39          | 39          | 38          | 40          | 27          |
| Administrative information technology    | 5           | 9           | 11          | 5           | -           | -           | -           | -           | -           | -           |
| Food service                             | 1           | 1           | 1           | 1           | -           | -           | -           | -           | -           | -           |
| Total                                    | <u>663</u>  | <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 |                                |                                |                                      |                               |
| 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      | 91,155,229             | 19,231         | 2.27%             | 580            | 1:12                | 1:12          | 1:11               | 4,722                          | 4,416                          | 8.10%                                | 93.52%                        |
| 2021        | 5,336      | 98,012,395             | 18,368         | -0.68%            | 580            | 1:12                | 1:12          | 1:11               | 4,722                          | 4,416                          | 0.00%                                | 93.52%                        |

Sources: School records



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

| <b>District Building</b>   | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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   | 574         | 555         | 557         | 562         | 560         | 561         | 548         | 520         | 419         | 307         |
| 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   | 464         | 448         | 446         | 435         | 431         | 434         | 409         | 402         | 383         | 366         |
| 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   | 458         | 449         | 448         | 433         | 453         | 450         | 424         | 405         | 391         | 369         |
| KIPP Newark Collegiate Academy (HS#1)                                    |             |             |             |             |             |             |             |             |             |             |
| Square Feet  | 104,221     | 104,221     | 104,221     | 104,221     | 104,221     | 104,221     | 104,221     | 650,000     | 650,000     | 650,000     |
| Capacity (students)  | 800         | 800         | 800         | 800         | 800         | 800         | 800         | 650         | 650         | 650         |
| Enrollment   | 830         | 796         | 780         | 672         | 606         | 601         | 659         | 552         | 469         | 434         |
| 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   | 1,065       | 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     | 138,571     | 138,571     |             |
| Capacity (students)  | 560         | 560         | 560         | 560         | 560         | 560         | 560         | 560         | 560         |             |
| Enrollment   | 571         | 558         | 556         | 560         | 448         | 330         | 225         | 108         |             |             |
| KIPP Life Academy (ES#4)   |             |             |             |             |             |             |             |             |             |             |
| Square Feet  | 63,000      | 63,000      | 63,000      | 63,000      | 63,000      | 63,000      |             |             |             |             |
| Capacity (students)  | 600         | 600         | 600         | 600         | 600         | 600         |             |             |             |             |
| Enrollment   | 590         | 574         | 571         | 521         | 422         | 116         |             |             |             |             |
| KIPP Upper Roseville Academy (ES#5)                                      |             |             |             |             |             |             |             |             |             |             |
| Square Feet  | 133,462     | 133,462     |             |             |             |             |             |             |             |             |
| Capacity (students)  | 2,470       | 2,470       |             |             |             |             |             |             |             |             |
| Enrollment   | 235         | 118         |             |             |             |             |             |             |             |             |
| KIPP Newark Community Prep (MS#4) and KIPP Newark Lab High School (HS#2) |             |             |             |             |             |             |             |             |             |             |
| Square Feet  | 63,885      | 63,885      |             |             |             |             |             |             |             |             |
| Capacity (students)  | 1,538       | 1,538       |             |             |             |             |             |             |             |             |
| Enrollment   | 467         | 207         |             |             |             |             |             |             |             |             |

Number of Schools at June 30, 2021

- Elementary = 5
- Middle School = 4
- High School = 2
- Other = 0

Source: School Office

**TEAM Academy Charter School, Inc.**  
**Insurance Schedule**  
**June 30, 2021**

|   | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| <b>Commercial Property and General Liability:</b> |                 |                   |
| Commercial Property                               | \$ 187,087,038  | \$ 1,000          |
| General Automobile Liability                      | 31,000,000      | -                 |
| Business Auto (Hired and Non-Owned Liability)     | 31,000,000      | -                 |
| School Board Legal Liability                      | 31,000,000      | 10,000            |
| Umbrella  | Included        | -                 |
| Workers' Compensation                             | Statutory       | -                 |
| <b>Surety Bonds:</b>                              |                 |                   |
| Board Secretary/Business Administrator            | 252,540         | -                 |
| Assistant Business Administrator                  | 252,540         | -                 |

## **CHARTER SCHOOL PERFORMANCE**

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

|                                | <u>2021</u>          | <u>2020</u>         | <u>2019</u>         | <u>2018</u><br><u>(As Restated)</u> | <u>2017</u>           | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>         | <u>2012</u>         |
|--------------------------------|----------------------|---------------------|---------------------|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Cash                           | \$ 17,630,029        | \$ 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        |
| Current Assets                 | 31,955,733           | 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           |
| Long-term Assets               | 12,295,695           | 8,275,723           | 8,996,508           | -                                   | *                     | *                    | *                    | *                    | *                   | *                   |
| Capital Assets - net           | 18,532,628           | 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           |
| Total Assets                   | <u>62,784,056</u>    | <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>    |
| Current Liabilities            | 12,157,997           | 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           |
| Long-term Liabilities          | 42,859,618           | 33,737,289          | 33,027,962          | -                                   | *                     | *                    | *                    | *                    | *                   | *                   |
| Total Liabilities              | <u>55,017,615</u>    | <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>    |
| Net Position                   | <u>\$ 7,766,441</u>  | <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> |
| Total Revenue                  | \$ 107,364,729       | \$ 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       |
| Total Expenses                 | <u>(103,807,318)</u> | <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> |
| Change in Net Position         | <u>\$ 3,557,411</u>  | <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> |
| Depreciation                   | \$ 908,707           | \$ 1,248,980        | \$ 677,981          | \$ 298,625                          | \$ 270,914            | \$ 251,195           | \$ 189,294           | \$ 177,203           | \$ 152,892          | \$ 91,984           |
| Final average daily enrollment | 5,336                | 4,740               | 4,368               | 4,073                               | 3,702                 | 3,249                | 2,807                | 2,073                | 1,681               | 1,423               |
| March 30th budgeted enrollment | 5,138                | 4,721               | 4,704               | 3,988                               | 3,800                 | 3,200                | 2,800                | 2,000                | 1,600               | 1,400               |
| Near Term Indicators           |                      |                     |                     |                                     |                       |                      |                      |                      |                     |                     |
| Current Ratios                 | 2.63                 | 2.59                | 2.52                | 2.77                                | 1.02                  | 3.75                 | 5.86                 | 3.40                 | 2.38                | 2.92                |
| Unrestricted days in cash      | 61.99                | 53.43               | 51.21               | 51.82                               | 41.39                 | 51.74                | 41.59                | 62.71                | 67.17               | 57.97               |
| Enrollment variance            | 104%                 | 100%                | 93%                 | 102%                                | 97%                   | 102%                 | 100%                 | 104%                 | 105%                | 102%                |
| 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>2021</u>          | <u>2020</u>         | <u>2019</u>         | <u>2018</u><br><u>(As Restated)</u> | <u>2017</u>           | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          | <u>2013</u>         | <u>2012</u>         |
|--------------------------------|----------------------|---------------------|---------------------|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Cash                           | \$ 17,630,029        | \$ 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        |
| Current Assets                 | 31,955,733           | 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           |
| Long-term Assets               | 12,295,695           | 8,275,723           | 8,996,508           | -                                   | *                     | *                    | *                    | *                    | *                   | *                   |
| Capital Assets - net           | 18,532,628           | 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           |
| Total Assets                   | <u>62,784,056</u>    | <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>    |
| Current Liabilities            | 12,157,997           | 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           |
| Long-term Liabilities          | 42,859,618           | 33,737,289          | 33,027,962          | -                                   | *                     | *                    | *                    | *                    | *                   | *                   |
| Total Liabilities              | <u>55,017,615</u>    | <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>    |
| Net Position                   | <u>\$ 7,766,441</u>  | <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> |
| Total Revenue                  | \$ 107,364,729       | \$ 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       |
| Total Expenses                 | <u>(103,807,318)</u> | <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> |
| Change in Net Position         | <u>\$ 3,557,411</u>  | <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> |
| Depreciation                   | \$ 908,707           | \$ 1,248,980        | \$ 677,981          | \$ 298,625                          | \$ 270,914            | \$ 251,195           | \$ 189,294           | \$ 177,203           | \$ 152,892          | \$ 91,984           |
| Final average daily enrollment | 5,336                | 4,740               | 4,368               | 4,073                               | 3,702                 | 3,249                | 2,807                | 2,073                | 1,681               | 1,423               |
| March 30th budgeted enrollment | 5,138                | 4,721               | 4,704               | 3,988                               | 3,800                 | 3,200                | 2,800                | 2,000                | 1,600               | 1,400               |
| Sustainability Indicators      |                      |                     |                     |                                     |                       |                      |                      |                      |                     |                     |
| Total Margin                   | 3.3%                 | -0.7%               | 2.7%                | 3.1%                                | -1.6%                 | -1.2%                | 2.0%                 | 4.7%                 | 6.7%                | 6.0%                |
| Debt to Asset                  | 0.88                 | 0.91                | 0.89                | 0.27                                | 0.55                  | 0.20                 | 0.14                 | 0.25                 | 0.35                | 0.28                |
| Cash Flow                      | 4,993,210            | 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           |
| 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2022.

**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 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  
January 27, 2022

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, 2021. 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 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, 2021.

## 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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
January 27, 2022

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of Federal Awards, Schedule A  
For the Year Ended June 30, 2021

| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title | Assistance<br>Listing<br>Number | Pass Through<br>Identification<br>Number | Program or<br>Award<br>Amount | Grant Period |         | Balance<br>at June 30,<br>2020 | Cash<br>Received    | Total<br>Budgetary<br>Expenditures | Balance at<br>June 30, 2021<br>Accounts<br>Receivable |
|---|---------------------------------|--|-------------------------------|--------------|---------|--------------------------------|---------------------|------------------------------------|---|
|   |                                 |  |                               | From         | To      |                                |                     |                                    |   |
| <b>U.S. Department of Education:</b>                                  |                                 |  |                               |              |         |                                |                     |                                    |   |
| Passed-through New Jersey Department of Education:                    |                                 |  |                               |              |         |                                |                     |                                    |   |
| E.S.S.A.:   |                                 |  |                               |              |         |                                |                     |                                    |   |
| Title I Grants to Local Educational Agencies                          | 84.010                          | S010A180030                              | \$ 3,802,578                  | 7/1/20       | 6/30/21 | \$ 720,389                     | \$ 4,354,271        | \$ 3,802,578                       | \$ 168,696  |
| English Language Acquisition State Grants                             | 84.365                          | S365A180030                              | \$ 9,314                      | 7/1/20       | 6/30/21 | -                              | 9,314               | 9,314                              | -   |
| COVID-19 Education Stabilization Fund                                 | 84.425D                         | S425D200027                              | \$ 1,707,310                  | 7/1/20       | 6/30/21 | -                              | 1,707,310           | 1,685,731                          | 17,675  |
| Special Education Cluster (IDEA):                                     |                                 |  |                               |              |         |                                |                     |                                    |   |
| Special Education Grants to States                                    | 84.027                          | H027A190100                              | \$ 1,125,054                  | 7/1/20       | 6/30/21 | 528,768                        | 1,549,301           | 1,125,054                          | 104,521   |
| Special Education Preschool Grants                                    | 84.173                          | H173A180114                              | \$ 15,142                     | 7/1/20       | 6/30/21 | 13,962                         | 15,142              | 15,142                             | 13,962  |
| Total Special Education Cluster (IDEA)                                |                                 |  |                               |              |         | 542,730                        | 1,564,443           | 1,140,196                          | 118,483   |
| Passed-through KIPP Foundation:                                       |                                 |  |                               |              |         |                                |                     |                                    |   |
| Supporting Effective Educator Development Program                     | 84.423                          | U423A180059                              | \$ 194,205                    | 7/1/20       | 6/30/21 | 50,526                         | 129,794             | 194,205                            | 114,937   |
| Total Special Fund and U.S. Department of Education                   |                                 |  |                               |              |         | 1,313,645                      | 7,765,132           | 6,832,024                          | 419,791   |
| <b>U.S. Department of Treasury:</b>                                   |                                 |  |                               |              |         |                                |                     |                                    |   |
| Passed-through New Jersey Department of Education:                    |                                 |  |                               |              |         |                                |                     |                                    |   |
| COVID-19 - Coronavirus Relief Fund                                    | 21.019                          | SLT0228 CVRF                             | \$ 648,990                    | 7/1/20       | 6/30/21 | -                              | 648,990             | 648,990                            | -   |
| Total Special Revenue Fund and U.S. Department of Treasury            |                                 |  |                               |              |         | -                              | 648,990             | 648,990                            | -   |
| <b>U.S. Department of Agriculture:</b>                                |                                 |  |                               |              |         |                                |                     |                                    |   |
| Passed-through New Jersey Department of Agriculture:                  |                                 |  |                               |              |         |                                |                     |                                    |   |
| Fresh Fruit and Vegetable Program                                     | 10.582                          | 201NJ304L1603                            | \$ 129,868                    | 7/1/20       | 6/30/21 | 30,564                         | 129,868             | 129,868                            | 30,564  |
| Child Nutrition Cluster:  |                                 |  |                               |              |         |                                |                     |                                    |   |
| National School Lunch Program   | 10.555                          | 20NJ304N1099                             | \$ 775,503                    | 7/1/20       | 6/30/21 | 49,831                         | 625,723             | 775,503                            | 199,611   |
| School Breakfast Program  | 10.553                          | 20NJ304N1099                             | \$ 406,145                    | 7/1/20       | 6/30/21 | 31,321                         | 386,347             | 406,145                            | 51,119  |
| Total Child Nutrition Cluster   |                                 |  |                               |              |         | 81,152                         | 1,012,070           | 1,181,648                          | 250,730   |
| Total Enterprise Fund and U.S. Department of Agriculture              |                                 |  |                               |              |         | 111,716                        | 1,141,938           | 1,311,516                          | 281,294   |
| <b>U.S. Department of Health and Human Services:</b>                  |                                 |  |                               |              |         |                                |                     |                                    |   |
| Passed-through New Jersey Department of Education:                    |                                 |  |                               |              |         |                                |                     |                                    |   |
| Medicaid Cluster:   |                                 |  |                               |              |         |                                |                     |                                    |   |
| Medical Assistance Program  | 93.778                          | 2005NJ5MAP                               | \$ 381,971                    | 7/1/20       | 6/30/21 | -                              | 381,971             | 381,971                            | -   |
| Total General Fund and U.S. Department of Health and Human Services   |                                 |  |                               |              |         | -                              | 381,971             | 381,971                            | -   |
| <b>Total Expenditures of Federal Awards</b>                           |                                 |  |                               |              |         | <b>\$ 1,425,361</b>            | <b>\$ 9,938,031</b> | <b>\$ 9,174,501</b>                | <b>\$ 701,085</b>                                     |

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Year Ended June 30, 2021

| State Grantor/Program Title   | Grant or State Project Number | Program or Award Amount | Grant Period |         | Accounts Receivable June 30, 2020 | Cash Received        | Budgetary Expenditures | Accounts Receivable June 30, 2021 |  |
|---|-------------------------------|-------------------------|--------------|---------|-----------------------------------|----------------------|------------------------|-----------------------------------|--|
|   |                               |                         | From         | To      |                                   |                      |                        |                                   |  |
| <b>State Department of Education</b>  |                               |                         |              |         |                                   |                      |                        |                                   |  |
| <b>General Fund:</b>  |                               |                         |              |         |                                   |                      |                        |                                   |  |
| Equalization Aid - State  | 21-495-034-5120-078           | \$ 62,050,211           | 7/1/20       | 6/30/21 | \$ 497,455                        | \$ 62,050,211        | \$ 62,524,314          | \$ 971,558                        |  |
| Equalization Aid - Local  | 21-495-034-5120-078           | \$ 11,126,909           | 7/1/20       | 6/30/21 | 89,512                            | 11,126,909           | 11,211,679             | 174,282                           |  |
| State Adjustment Aid  | 21-495-034-5120-085           | \$ 7,269,598            | 7/1/20       | 6/30/21 | -                                 | 7,269,598            | 7,269,598              | -                                 |  |
| Special Education Categorical Aid   | 21-495-034-5120-089           | \$ 3,289,962            | 7/1/20       | 6/30/21 | -                                 | 3,289,962            | 3,289,962              | -                                 |  |
| Security Aid  | 21-495-034-5120-084           | \$ 2,833,809            | 7/1/20       | 6/30/21 | -                                 | 2,833,809            | 2,833,809              | -                                 |  |
| Reimbursed TPAF Social Security Contributions                                 | 21-495-034-5094-003           | \$ 2,501,664            | 7/1/20       | 6/30/21 | 197,560                           | 2,501,664            | 2,409,694              | 105,590                           |  |
| On-Behalf Teachers' Pension and Annuity Fund                                  | 21-495-034-5094-002           | \$ 7,094,094            | 7/1/20       | 6/30/21 | -                                 | 7,094,094            | 7,094,094              | -                                 |  |
| On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical        | 21-495-034-5094-001           | \$ 2,223,179            | 7/1/20       | 6/30/21 | -                                 | 2,223,179            | 2,223,179              | -                                 |  |
| On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance | 21-495-034-5094-004           | \$ 12,661               | 7/1/20       | 6/30/21 | -                                 | 12,661               | 12,661                 | -                                 |  |
| Extraordinary Aid   | 21-495-034-5120-044           | \$ 292,052              | 7/1/20       | 6/30/21 | 406,930                           | 500,678              | 292,052                | 198,304                           |  |
| <b>Total General Fund</b>   |                               |                         |              |         | <u>1,191,457</u>                  | <u>98,902,765</u>    | <u>99,161,042</u>      | <u>1,449,734</u>                  |  |
| <b>Enterprise Fund:</b>   |                               |                         |              |         |                                   |                      |                        |                                   |  |
| State School Lunch  | 21-100-010-3350-023           | \$ 23,369               | 7/1/20       | 6/30/21 | 783                               | 23,369               | 28,374                 | 5,788                             |  |
| <b>Total Enterprise Fund</b>  |                               |                         |              |         | <u>783</u>                        | <u>23,369</u>        | <u>28,374</u>          | <u>5,788</u>                      |  |
| <b>Total State Financial Assistance</b>                                       |                               |                         |              |         | <u>\$ 1,192,240</u>               | <u>\$ 98,926,134</u> | 99,189,416             | <u>\$ 1,455,522</u>               |  |
| Less: On-Behalf TPAF Pension System Contributions                             |                               |                         |              |         |                                   |                      |                        |                                   |  |
| On-Behalf Teachers' Pension and Annuity Fund                                  | 21-495-034-5094-002           |                         |              |         |                                   |                      | (7,094,094)            |                                   |  |
| On-Behalf Teachers' Pension and Annuity Fund - Post Retirement Medical        | 21-495-034-5094-001           |                         |              |         |                                   |                      | (2,223,179)            |                                   |  |
| On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance | 21-495-034-5094-004           |                         |              |         |                                   |                      | <u>(12,661)</u>        |                                   |  |
| <b>Total for State Financial Assistance - Major Program Determination</b>     |                               |                         |              |         |                                   |                      | <u>\$ 89,859,482</u>   |                                   |  |

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Schedules of Awards and Financial Assistance  
For the Year Ended June 30, 2021

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**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                          | \$ 381,971          | \$ 99,161,042        | \$ 99,543,013         |
| Special Revenue Fund                  | 7,481,014           | -                    | 7,481,014             |
| Food Service Fund                     | <u>1,311,516</u>    | <u>28,374</u>        | <u>1,339,890</u>      |
| Total Awards and Financial Assistance | <u>\$ 9,174,501</u> | <u>\$ 99,189,416</u> | <u>\$ 108,363,917</u> |

**TEAM ACADEMY CHARTER SCHOOL, INC.**

Notes to the Schedules of Awards and Financial Assistance  
For the Year Ended June 30, 2021

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**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 \$2,409,694 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, 2021.

The amount reported as TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$9,329,934, represents the amount paid by the state on behalf of the Charter School for the fiscal year ended June 30, 2021.

**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, 2021

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**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>Assistance Listing Number</u> |
|---|----------------------------------|
| COVID-19 Education Stabilization Fund     | 84.425D                          |
| COVID-19 - Coronavirus Relief Fund        | 21.019                           |

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, 2021

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**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)                              | \$2,695,784 |               |
| Auditee qualified as low risk auditee:  | <b>X</b>    |               |
| Type of auditor’s report issued:  | Unmodified  |               |
| Internal control over major programs:   |             |               |
| Material weakness(es) identified:   |             | <b>X</b>      |
| Significant deficiencies identified not considered to be material weakness(es)?                             | <b>X</b>    | 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? |             | <b>X</b>      |

Identification of major programs:

| <u>GMIS Number(s)</u> | <u>Name of State Program or Cluster</u> |
|-----------------------|---|
| 21-495-034-5120-078   | Equalization Aid - State                |
| 21-495-034-5120-078   | Equalization Aid - Local                |
| 21-495-034-5120-085   | State Adjustment Aid                    |
| 21-495-034-5120-089   | Special Education Categorical Aid       |
| 21-495-034-5120-084   | Security Aid                            |



**TEAM ACADEMY CHARTER SCHOOL, INC.**

Schedule of Audit Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

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**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, 2021

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**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.