

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF
TEAM ACADEMY CHARTER SCHOOL, INC.
FOR THE YEAR ENDED JUNE 30, 2023**

TEAM ACADEMY CHARTER SCHOOL, INC.

Table of Contents
June 30, 2023

	<u>Pages</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 5
Roster of Trustees and Officers	6
Consultants and Advisors	7
FINANCIAL SECTION	
Unmodified Opinion on Financial Statements Accompanied by Required Supplementary Information, Supplementary Information and Other Information - Governmental Entity	8 - 8B
Required Supplementary Information – Part I	
Management’s Discussion and Analysis	9 - 14
Basic Financial Statements:	
A. School-wide Financial Statements	
A-1 Statement of Net Position	15
A-2 Statement of Activities	16
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	18
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds:	
B-4 Statement of Net Position	20
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	21
B-6 Statement of Cash Flows	22
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Basic Financial Statements	23 - 54
Required Supplemental Information - Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule General Fund	55 - 56
C-2 Budgetary Comparison Schedule Special Revenue Fund	57
Notes to Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation.....	58

TEAM ACADEMY CHARTER SCHOOL, INC.

Table of Contents
June 30, 2023

	<u>Pages</u>
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the Charter School's Proportionate Share of the Net Pension Liability - PERS	59
L-2 Schedule of Charter School Contributions - PERS	60
L-3 Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF	61
L-4 Schedule of the School District's contribution Teachers' Pension and Annuity Fund (TPAF)	N/A
L-5 Schedule of TEAM's Contributions TPAF Notes to Required Supplementary Information	62
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75):	
M-1 Schedule of Changes in the Charter School's Total OPEB Liability and Related Ratios - PERS and TPAF	63
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	64
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	65
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	66
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, 300 N. 13 th Street Facility	67
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	68
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	69
G-3 Statement of Cash Flows	70
Internal Service Fund:	
G-4 Statement of Net Position	N/A
G-5 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A

TEAM ACADEMY CHARTER SCHOOL, INC.

Table of Contents
June 30, 2023

	<u>Pages</u>
Required Supplementary Information - Part III (Continued)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	71
I-4 Schedule of Obligations Subscription-Based Information Technology Arrangements ..	N/A
Statistical Section (Unaudited):	
J. Financial Trends:	
J-1 Net Position by Component	72
J-2 Changes in Net Position	73
J-2a Statement of Net Position - All Funds	74
J-2b Statement of Revenues, Expenditures and Changes in Fund Balances	75
J-2c Statement of Cash Flows	76
J-3 Fund Balances - Governmental Funds	77
J-4 Changes in Fund Balances - Governmental Funds	78
J-5 General Fund - Other Local Revenue by Source	79
J. Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A
J. Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	80
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
J. Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	81
J-15 Principal Employers	82
J. Operating Information:	
J-16 Full-Time Equivalent School Employees by Function/Program	83
J-17 Operating Statistics	84
J-18 School Building Information	85
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	86
J. Charter School Performance Framework Financial Indicators:	
J-21a Sustainability Indicators	87
J-21b Near Term Indicators	88

TEAM ACADEMY CHARTER SCHOOL, INC.

Table of Contents
June 30, 2023

SINGLE AUDIT SECTION K		<u>Pages</u>
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 <i>Government Auditing Standards</i>	89 - 90
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	91 - 93
K-3	Schedule of Expenditures of Federal Awards, Schedule A	94
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	95
K-5	Notes to the Schedule of Awards and Financial Assistance	96 - 97
K-6	Schedule of Findings and Questioned Costs	98 - 101
K-7	New Jersey Schedule of Prior Year Findings and Questioned Costs as Prepared by Management	102

N/A = Not Applicable

INTRODUCTORY SECTION

December 4, 2023

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

Dear Commissioner:

The Annual Comprehensive Financial Report of the TEAM Academy Charter School, Inc. (the "Charter School" or "TEAM") for the fiscal year ended June 30, 2023, 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 the 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 Annual Comprehensive 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 2022-2023 school year, the Charter School had a student enrollment of 6,058.

- 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 2022-2023 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.

A 60 Park Place #802 Newark, NJ 07102

P 973.622.0905 F 973.556.1441

W www.kippnj.org

www.kippnj.org

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 2022-2023 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 funds and proprietary fund for the fiscal year ended June 30, 2023:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Revenue - General Fund	\$ 14,586,317	9%
State Share - General Fund	97,022,112	61
State Aid - General fund	16,405,043	10
Federal Aid - General Fund	489,515	-
Private Grants - General Fund	846,749	2
Other - General Fund	1,234,670	1
Enterprise Fund	5,112,389	3
Federal Aid - Special Revenue	18,138,105	11
State Aid - General Fund	899,611	1
Private Grants - Special Revenue	<u>3,043,488</u>	<u>2</u>
	<u>\$ 157,777,999</u>	<u>100%</u>

The following schedule presents a summary of the governmental funds and proprietary fund for the fiscal year ended June 30, 2023:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 114,309,800	80%
Special Revenue Fund	22,081,204	15
Capital Projects Fund	* 1,403,465	1
Enterprise Fund	4,626,860	3
Debt Service Fund	<u>1,100,705</u>	<u>1</u>
Total	<u>\$ 143,552,034</u>	<u>100%</u>

* Capital outlay costs were funded from a note payable from the General Fund, which are not included in the above revenue amounts. These are 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 Basic 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.

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".

10) Other Information (Continued):

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 2022-2023 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, 2023**

<u>Members of Board of Trustees</u>	<u>Term Expires/Expired</u>
Tim Carden, Board President, Voting	10/2025
Sheila Boyd, Trustee, Voting	6/2023
Tafshier Cosby, Trustee, Non-Voting	6/2024
Ihsaan Brown, Trustee, Voting	5/2025
Kevin Morrison, Trustee, Voting	10/2025
Rasheen Peppers, Trustee, Voting	10/2025
Julie Keenan, Trustee, Voting	10/2025
Vince Marigna, Trustee, Voting	2/2024

CONSULTANTS AND ADVISORS

AUDIT FIRM

AAFCPAs, Inc.
50 Washington Street
Westborough, MA 01581

ATTORNEYS

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

**Unmodified Opinion on Financial Statements Accompanied by Required Supplementary Information,
Supplementary Information and Other Information – Governmental Entity**

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of TEAM Academy Charter School, Inc. (the Charter School), County of Essex, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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 TEAM Academy Charter School, Inc., County of Essex, State of New Jersey, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Information and Pension Information* (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Report on the Audit of the Financial Statements (Continued)

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, 2023, 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 (pages 1 through 7) and statistical section (pages 72 through 88) 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 December 4, 2023, 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 solely 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
December 4, 2023

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, 2023

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, 2023. 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 2023 fiscal year include the following:

- Net position of governmental activities ended the fiscal year with \$20,314,799. Net position of business-type activities, which represent food service operations, ended the fiscal year with \$2,415,088.
- General Fund revenues accounted for \$129,737,657 in revenue or 85 percent of total governmental fund revenues of \$151,818,861. Program specific revenues, in the form of charges for services, grants, and contributions in the special revenue fund, accounted for \$22,081,204 or 15 percent of total governmental fund revenues. Capital project fund revenue accounted for no revenue in fiscal year 2023.
- The Charter School had \$138,895,174 in expenses related to governmental activities; \$22,081,204 of these expenses is offset by operating and capital grants and contributions. General revenues (primarily State and local share) of \$130,584,406 helped to provide for the balance of these programs.
- The General Fund reported a fund balance at June 30, 2023, of \$39,376,429, and a surplus of \$11,003,495 for the year ended June 30, 2023.

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, 2023

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 2023?" 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, 2023

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 \$23,576,636 (see below) at the close of fiscal year 2023. The following table provides a summary of net position relating to the Charter School's governmental and business-type activities:

	2023		
	Governmental Activities	Business- Type Activities	Total
Assets and deferred outflows of resources:			
Current assets	\$ 46,880,399	\$ 1,850,755	\$ 48,731,154
Capital assets, net	23,066,287	564,333	23,630,620
Right-to-use lease assets, net	156,576,134	-	156,576,134
Deferred outflows of resources	<u>15,896,195</u>	<u>-</u>	<u>15,896,195</u>
Total assets and deferred outflows of resources	<u>\$ 242,419,015</u>	<u>\$ 2,415,088</u>	<u>\$ 244,834,103</u>
Liabilities and deferred inflows of resources:			
Current liabilities	\$ 7,503,970	\$ -	\$ 7,503,970
Long-term liabilities	46,530,638	-	46,530,638
Lease liabilities	164,102,114	-	164,102,114
Deferred inflows of resources	<u>3,967,494</u>	<u>-</u>	<u>3,967,494</u>
Total liabilities and deferred inflows of resources	<u>\$ 222,104,216</u>	<u>\$ -</u>	<u>\$ 222,104,216</u>
Net position:			
Invested in capital assets, net of related debt	\$ (5,574,692)	\$ -	\$ (5,574,692)
Unrestricted	<u>25,889,491</u>	<u>2,415,088</u>	<u>28,304,579</u>
Total net position	<u>\$ 20,314,799</u>	<u>\$ 2,415,088</u>	<u>\$ 22,729,887</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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

THE CHARTER SCHOOL AS A WHOLE (Continued)

The total net position of the Charter School increased by \$6,633,698 during the current fiscal year ended June 30, 2023.

The table that follows reflects the change in fund balance for fiscal year 2023.

	2023		
	Governmental Activities	Business- Type Activities	Total
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 199,157	\$ 199,157
Operating grants and contributions	21,165,140	-	21,165,140
Capital grants and contributions	<u>916,064</u>	<u>-</u>	<u>916,064</u>
Total program revenues	<u>22,081,204</u>	<u>199,157</u>	<u>22,280,361</u>
General revenues:			
Local aid	14,586,317	-	14,586,317
Federal and state aid	113,916,670	4,913,232	118,829,902
Miscellaneous	<u>1,234,670</u>	<u>-</u>	<u>1,234,670</u>
Total general revenues	<u>129,737,657</u>	<u>4,913,232</u>	<u>134,650,889</u>
Total revenues	<u>151,818,861</u>	<u>5,112,389</u>	<u>156,931,250</u>
Expenses:			
Instruction	36,593,115	-	36,593,115
Administrative and support services	99,770,786	-	99,770,786
Capital outlay	2,531,273	-	2,531,273
Food service	<u>-</u>	<u>4,626,860</u>	<u>4,626,860</u>
Total expenses	<u>138,895,174</u>	<u>4,626,860</u>	<u>143,522,034</u>
Change in fund balance before transfers and other financing sources	<u>\$ 12,923,687</u>	<u>\$ 485,429</u>	<u>\$ 13,409,216</u>

GOVERNMENTAL ACTIVITIES

The Statement of Activities reflects the cost of program services and the charges for services and operating and capital 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, 2023.

	Total Cost of Services	Net Cost of Services
Instruction	\$ 36,593,115	\$ 33,325,274
Administrative and support services	99,770,786	81,873,487
Capital outlay	<u>2,531,273</u>	<u>1,165,209</u>
Total expenses	<u>\$ 138,895,174</u>	<u>\$ 116,813,970</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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 \$5,112,389 and operating expenses of \$4,626,860 for fiscal year 2023. The Charter School intended to have food services be self-operating without assistance from the General Fund. Food service recorded an excess of \$485,529 for the fiscal year 2023.

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 \$151,818,861 and expenditures of \$138,895,174. The positive change in fund balance for the year was \$12,923,687. After other net financing uses of \$2,492,816, the positive change in fund balance was part of the net increase in the accumulated fund balance of \$39,376,429, which increased by \$10,430,871.

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 2023, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budgets. 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 \$118,929,548. Expenditures and other financing uses were budgeted at \$116,939,617. The Charter School anticipated a budgeted fund balance deficit of \$5,250,517 in its 2022-2023 budget year.

The State of New Jersey reimbursed the Charter School \$1,363,824 during the year ended June 30, 2023, for the employer's share of Social Security contributions for TPAF members. The State also paid \$15,041,219 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 2023, the Charter School had \$23,066,287 invested in net capital assets in its governmental activities and \$564,333 invested in net capital assets in its business-type activities.

The Charter School's 2023-2024 budget anticipates additional spending on capital projects in line with its expansion plans.

LONG-TERM DEBT

At June 30, 2023, the Charter School had \$21,114,999 in long-term debt. The Charter School had \$25,415,639 at June 30, 2023, in net pension liability regarding the Public Employees Retirement System. At June 30, 2023, the Charter School had \$164,102,114 in lease liabilities. More detailed information about the Charter School's long-term obligations is presented in the notes to the basic financial statements.

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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 aid allocated to charter schools. This reality was taken into account when adopting the General Fund budget for 2023-2024. 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 TEAM Academy Charter School, Inc.'s operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023.

SCHOOL-WIDE FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position
As of June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 26,109,308	\$ 1,372,311	\$ 27,481,619
Due from (to) funds	564,333	(564,333)	-
Receivables, net	10,352,661	1,042,777	11,395,438
Due from related parties	8,502,125	-	8,502,125
Prepaid expenses	1,351,972	-	1,351,972
Capital assets, net	23,066,287	564,333	23,630,620
Right-to-use lease assets, net	156,576,134	-	156,576,134
Total assets	<u>226,522,820</u>	<u>2,415,088</u>	<u>228,937,908</u>
Deferred Outflows of Resources:			
Pension deferred outflows	15,896,195	-	15,896,195
Total assets and deferred outflows of resources	<u>\$ 242,419,015</u>	<u>\$ 2,415,088</u>	<u>\$ 244,834,103</u>
Liabilities:			
Intergovernmental payables - state	\$ 2,670,582	\$ -	\$ 2,670,582
Accounts payable	2,984,500	-	2,984,500
Payroll deductions and withholdings	1,660,788	-	1,660,788
Due to related party	188,100	-	188,100
Note payable	21,114,999	-	21,114,999
Net pension liability	25,415,639	-	25,415,639
Lease liabilities	164,102,114	-	164,102,114
Total liabilities	<u>218,136,722</u>	<u>-</u>	<u>218,136,722</u>
Deferred Inflows of Resources:			
Pension deferred inflows	3,967,494	-	3,967,494
Total liabilities and deferred inflows of resources	<u>222,104,216</u>	<u>-</u>	<u>222,104,216</u>
Net Position:			
Invested in capital assets, net of capital debt	(5,574,692)	-	(5,574,692)
Unrestricted	25,889,491	2,415,088	28,304,579
Total net position	<u>20,314,799</u>	<u>2,415,088</u>	<u>22,729,887</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 242,419,015</u>	<u>\$ 2,415,088</u>	<u>\$ 244,834,103</u>
Fund Balance, June 30, 2023 - B-1	\$ 39,376,429		
Cost of capital assets, net of accumulated depreciation	23,066,287		
Cost of right-to-use lease assets, net of accumulated amortization	156,576,134		
Principal balance of notes payable	(21,114,999)		
Principal balance of lease liabilities	(164,102,114)		
Net position before pension adjustments	33,801,737		
Less - pension, net (deficit)	(13,486,938)		
Total net position, June 30, 2023	<u>\$ 20,314,799</u>		

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 36,593,115	\$ -	\$ 3,267,841	\$ -	\$ 33,325,274	\$ -	\$ 33,325,274
Support services:							
General administration	41,844,170	-	-	-	41,844,170	-	41,844,170
Support services	41,521,573	-	17,897,299	-	23,624,274	-	23,624,274
TPAF Social Security (Reimbursed)	1,363,824	-	-	-	1,363,824	-	1,363,824
TPAF Medical (On-Behalf - Non-Budgeted)	3,126,664	-	-	-	3,126,664	-	3,126,664
TPAF Long-term Disability Insurance (On-Behalf - Non-Budgeted)	12,414	-	-	-	12,414	-	12,414
TPAF Pension (On-Behalf - Non-Budgeted)	11,902,141	-	-	-	11,902,141	-	11,902,141
Capital outlay	2,531,273	-	-	916,064	1,615,209	-	1,615,209
Total governmental activities	<u>138,895,174</u>	<u>-</u>	<u>21,165,140</u>	<u>916,064</u>	<u>116,813,970</u>	<u>-</u>	<u>116,813,970</u>
Business-type activities:							
Food Service	4,626,860	199,157	-	-	-	4,427,703	4,427,703
Total business-type activities	<u>4,626,860</u>	<u>199,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,427,703</u>	<u>4,427,703</u>
Total primary government	<u>\$ 143,522,034</u>	<u>\$ 199,157</u>	<u>\$ 21,165,140</u>	<u>\$ 916,064</u>	<u>116,813,970</u>	<u>4,427,703</u>	<u>121,241,673</u>
General revenues:							
Local share					14,586,317	-	14,586,317
State share					97,022,112	103,965	97,126,077
State aid - TPAF					16,405,043	-	16,405,043
Federal aid					489,515	4,809,267	5,298,782
Miscellaneous					1,234,670	-	1,234,670
Philanthropic support					-	-	-
Total general revenues					<u>129,737,657</u>	<u>4,913,232</u>	<u>134,650,889</u>
Excess of revenues over expenditures					12,923,687	485,529	13,409,216
Other financing sources					(2,492,816)	-	(2,492,816)
Net increase in fund balance					10,430,871	485,529	10,916,400
Increase in net capital outlay					1,334,215	-	1,334,215
Increase in notes payable					(1,270,231)	-	(1,270,231)
Excess amortization expense over principal payments on leases					(3,999,340)	-	(3,999,340)
Decrease in pension deficit (A-1 Net Position)					(347,346)	-	(347,346)
Change in net position					6,148,169	485,529	6,633,698
Net Position - beginning July 1, 2022					14,166,630	1,929,559	16,096,189
Net Position - ending June 30, 2023					<u>\$ 20,314,799</u>	<u>\$ 2,415,088</u>	<u>\$ 22,729,887</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TEAM ACADEMY CHARTER SCHOOL, INC.

Balance Sheet
 Governmental Funds
 June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 25,298,576	\$ -	\$ 622,632	\$ 188,100	\$ 26,109,308
Due from (to) funds	5,427,540	(4,863,207)	-	-	564,333
Receivables:					
State, net	5,103,392	-	-	-	5,103,392
Federal	-	3,908,074	-	-	3,908,074
Other	698,552	642,643	-	-	1,341,195
Due from related parties	7,507,263	994,862	-	-	8,502,125
Prepaid expenses	1,312,084	39,888	-	-	1,351,972
Total assets	\$ 45,347,407	\$ 722,260	\$ 622,632	\$ 188,100	\$ 46,880,399
Liabilities and Fund Balances:					
Liabilities:					
Intergovernmental payables - state	\$ 2,670,582	\$ -	\$ -	\$ -	\$ 2,670,582
Accounts payable	1,639,608	722,260	622,632	-	2,984,500
Payroll deductions and withholdings payable	1,660,788	-	-	-	1,660,788
Due to related party	-	-	-	188,100	188,100
Total liabilities	5,970,978	722,260	622,632	188,100	7,503,970
Fund Balances:					
Unassigned	38,064,345	(39,888)	-	-	38,024,457
Nonspendable	1,312,084	39,888	-	-	1,351,972
Total fund balances	39,376,429	-	-	-	39,376,429
Total liabilities and fund balances	\$ 45,347,407	\$ 722,260	\$ 622,632	\$ 188,100	\$ 46,880,399

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,433,268 and the accumulated depreciation is \$6,366,981 (see Note 4).	\$ 23,066,287
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).	15,896,195
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).	(3,967,494)
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).	(46,530,638)
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$171,041,988 and the accumulated amortization is \$14,465,854 (see Note 4).	156,576,134
Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).	(164,102,114)
Net position of governmental activities	\$ 20,314,799

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local share	\$ 14,586,317	\$ -	\$ -	\$ -	\$ 14,586,317
State share	97,022,112	-	-	-	97,022,112
Philanthropic support	-	3,043,488	-	-	3,043,488
Miscellaneous	1,234,670	-	-	-	1,234,670
Total - local sources	112,843,099	3,043,488	-	-	115,886,587
Federal sources	489,515	18,138,105	-	-	18,627,620
State sources	-	899,611	-	-	899,611
State sources - TPAF	16,405,043	-	-	-	16,405,043
Total revenues	129,737,657	22,081,204	-	-	151,818,861
Expenditures:					
Current:					
Instruction	33,325,274	3,267,841	-	-	36,593,115
Administrative	40,743,465	-	-	1,100,705	41,844,170
Support services	23,624,274	17,897,299	-	-	41,521,573
TPAF Social Security (Reimbursed)	1,363,824	-	-	-	1,363,824
TPAF Medical (On-Behalf - Non-Budgeted)	3,126,664	-	-	-	3,126,664
TPAF Post Long-term Disability Insurance (On-Behalf - Non-Budgeted)	12,414	-	-	-	12,414
TPAF Pension (On-Behalf - Non-Budgeted)	11,902,141	-	-	-	11,902,141
Capital outlay	211,744	916,064	1,403,465	-	2,531,273
Total expenditures	114,309,800	22,081,204	1,403,465	1,100,705	138,895,174
Excess (deficiency) of revenues over expenditures	15,427,857	-	(1,403,465)	(1,100,705)	12,923,687
Other Financing Sources (Uses):					
Issuance of note payable	-	-	1,270,231	-	1,270,231
Lease principal payments	(3,763,047)	-	-	-	(3,763,047)
Transfers between funds	(661,315)	-	(439,390)	1,100,705	-
Total other financing sources (uses)	(4,424,362)	-	830,841	1,100,705	(2,492,816)
Net change in fund balances	11,003,495	-	(572,624)	-	10,430,871
Fund Balance - July 1, 2022	28,372,934	-	572,624	-	28,945,558
Fund Balance - June 30, 2023	\$ 39,376,429	\$ -	\$ -	\$ -	\$ 39,376,429

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, 2023

Total net change in fund balances - governmental funds (from B-2) **\$ 10,430,871**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (1,197,058)	
	Capital outlays	<u>2,531,273</u>	1,334,215

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.

(347,346)

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

(1,270,231)

New lease increase in right-to-use assets offset by the current year amortization of the right-to-use assets, allocated over the term of the leases.

	Right-to-use assets	39,180,014	
	Amortization expense	<u>(7,762,387)</u>	31,417,627

New lease increase in lease liabilities offset by the current year principal payments on lease liabilities. Principal payments on lease liabilities decrease liabilities in the statement of net position, but are included in the governmental funds as expenses.

	Lease liabilities	(39,180,014)	
	Principal payments	<u>3,763,047</u>	<u>(35,416,967)</u>

Change in net position of governmental activities **\$ 6,148,169**

PROPRIETARY FUNDS

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2023

	Business-type Activities - Enterprise Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,372,311
Accounts receivable - Federal Aid	990,839
Accounts receivable - State Aid	38,358
Other receivables	<u>13,580</u>
Total current assets	2,415,088
Capital Assets	<u>564,333</u>
Total assets	<u><u>\$ 2,979,421</u></u>
Liabilities:	
Current liabilities:	
Due to funds	\$ 564,333
Net Position:	
Unrestricted	<u>2,415,088</u>
Total liabilities and net position	<u><u>\$ 2,979,421</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, 2023

	Business-type Activities - Enterprise Fund
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 198,202
Miscellaneous income	<u>955</u>
Total operating revenues	199,157
Operating Expenses:	
Cost of sales - reimbursable programs	<u>4,626,860</u>
Operating loss	<u>(4,427,703)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	103,965
Federal sources:	
National school lunch program	3,362,296
School breakfast program	1,348,522
Fresh fruit and vegetable program	<u>98,449</u>
Total non-operating revenues	<u>4,913,232</u>
Changes in net position	485,529
Total Net Position - beginning	<u>1,929,559</u>
Total Net Position - ending	<u><u>\$ 2,415,088</u></u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 186,505
Payments to suppliers	<u>(4,939,864)</u>
Net cash used in operating activities	(4,753,359)
Cash Flows from Noncapital Financing Activities:	
Receipts from state and federal sources	<u>4,966,637</u>
Net increase in cash and cash equivalents	213,278
Cash and Cash Equivalents Balance - beginning of year	<u>1,159,033</u>
Cash and Cash Equivalents Balance - end of year	<u><u>\$ 1,372,311</u></u>
Reconciliation of Loss to Net Cash Used for Operating Activities:	
Operating loss	\$ (4,427,703)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Increase in other accounts receivable	(12,652)
Decrease in accounts payable	(313,004)
Decrease in due to related party	(564,333)
Increase in due to funds	<u>564,333</u>
Net cash used in operating activities	<u><u>\$ (4,753,359)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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 not-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 also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The Charter School's 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Charter School Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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 NJDOE, 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, 2023

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. As of June 30, 2023, there were no Fiduciary Funds.

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, 2023

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, 2023

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 banks, 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 Charter 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, 2023

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.
- 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. Nonspendable – includes amounts that cannot be spent because they are 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. 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.
3. 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.
4. 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, 2023

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>
Buildings and building improvements	40 years
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, 2023.

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, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Leases

The Charter School accounts for any lease (see Note 5) with a term greater than one year in accordance with GASB 87, *Leases* (GASB 87). The lease terms are defined as the noncancellable period of any lease, plus any options to extend under such leases, when management is reasonably certain those options will be exercised. Accordingly, the net present value of the estimated future minimum payments is reflected as a right-to-use lease asset and lease liability. The right-to-use lease assets will be recognized on a straight-line basis over the lesser of the life of the asset or the remaining lease period. The right-to-use lease assets related to the facility and equipment leases are being amortized over the term of each respective lease. The right-to-use lease assets are being amortized over twelve to thirty-two years for buildings and related parking and field leases (see Note 4).

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).

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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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, 2023, the Charter School's carrying amount of deposits and investments are as follows:

	<u>School-Wide Financial Statements</u>	<u>Agency Funds</u>	<u>Total</u>
Cash Balance	\$ 27,481,619	\$ -	\$ 27,481,619

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2023, the Charter School's bank balance was \$31,094,356. Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2023, was secured by Federal deposit insurance and \$30,844,356 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey GUDPA.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Reconciliation to the financial statements:

Total cash balance covered by collateral pool	\$ 30,844,356
Plus - insured amount	250,000
Plus - deposits in transit	9,071
Less - outstanding checks and other	(3,636,557)
Plus - petty cash held by the Charter School	<u>14,749</u>
Total cash per school-wide financial statements	<u>\$ 27,481,619</u>

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

Category 1

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

Category 2

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

Category 3

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

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

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, 2023, the Charter School did not hold any investments.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS

The following schedule is a summarization of the governmental activities and business-type activities changes in capital assets for the fiscal year ended June 30, 2023:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2022</u>	<u>Additions</u>	<u>CIP Transfers</u>	<u>Ending Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 475,900	\$ -	\$ -	\$ 475,900
Construction in progress - building	5,149,802	-	(5,149,802)	-
Construction in progress - furniture and equipment	584,761	-	(584,761)	-
Construction in progress - leasehold improvement	<u>106,500</u>	<u>-</u>	<u>(106,500)</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,316,963</u>	<u>-</u>	<u>(5,841,063)</u>	<u>475,900</u>
Capital assets, being depreciated:				
Building	5,594,000	-	-	5,594,000
Building improvements	2,025,049	1,403,464	5,149,802	8,578,315
Leasehold improvements	11,304,638	801,578	106,500	12,212,716
Equipment, furniture and fixtures	<u>2,225,678</u>	<u>326,231</u>	<u>584,761</u>	<u>3,136,670</u>
Total capital assets being depreciated	<u>21,149,365</u>	<u>2,531,273</u>	<u>5,841,063</u>	<u>29,521,701</u>
Less - accumulated depreciated:				
Building and building improvements	792,611	517,035	-	1,309,646
Leasehold improvements	2,734,375	329,894	-	3,064,269
Equipment, furniture and fixtures	<u>1,642,937</u>	<u>350,129</u>	<u>-</u>	<u>1,993,066</u>
Total accumulated depreciation	<u>5,169,923</u>	<u>1,197,058</u>	<u>-</u>	<u>6,366,981</u>
Total capital assets being depreciated, net	<u>15,979,442</u>	<u>1,334,215</u>	<u>5,841,063</u>	<u>23,154,720</u>
Total capital assets, net	<u>\$ 22,296,405</u>	<u>\$ 1,334,215</u>	<u>\$ -</u>	<u>\$ 23,630,620</u>

Depreciation expense of \$1,197,058 was charged to an unallocated function. During fiscal year 2023, the Charter School placed in service \$5,149,802 of improvements to the Charter School's building located at 300 N. 13th Street and the project was completed. During fiscal year 2023, the School placed in service \$691,261 of various miscellaneous leasehold improvements, furniture, and kitchen equipment.

Total capital assets, net includes \$564,333 of capital assets included in the proprietary fund for the year ended June 30, 2023.

TEAM ACADEMY CHARTER SCHOOL, INC.Notes to the Basic Financial Statements
June 30, 2023**4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS (Continued)**

Changes in right-to-use lease assets are as follows at June 30, 2023:

	<u>Beginning Balance July 1, 2022</u>	<u>Additions</u>	<u>Ending Balance June 30, 2023</u>
Right-to-use lease assets:			
Buildings and related parking and field	\$ 131,861,974	\$ 39,180,014	\$ 171,041,988
Less - accumulated depreciation	<u>6,703,467</u>	<u>7,762,387</u>	<u>14,465,854</u>
Right-to-use lease assets, net	<u>\$ 125,158,507</u>	<u>\$ 31,417,627</u>	<u>\$ 156,576,134</u>

5. COMMITMENTS**Lease Agreements**

The Charter School leases its premises (buildings and related parking and field leases) under lease agreements which required aggregate monthly cash payments of approximately \$807,000 during the year ended June 30, 2023. These leases expire on various dates through June 2056. Interest expense on the leases was \$5,614,883 for the year ended June 30, 2023, which is reflected as lease interest payments expense in the accompanying financial statements. The net present value of the lease liabilities was \$164,102,114 as of June 30, 2023, which was calculated using a discount rate of 3.15% (the Charter School's estimated incremental borrowing rate as of July 1, 2021) and 5.5% (the Charter School's estimated incremental borrowing rate as of August 1, 2022, at which time a new lease commenced). Principal payments surrounding lease liabilities totaled \$3,763,047 for the fiscal year ended June 30, 2023.

Future minimum payments under these agreements and future amortization are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2024	\$ 3,565,414	\$ 5,987,145	\$ 7,858,652
2025	3,827,205	5,867,236	7,858,652
2026	4,228,936	5,735,950	7,858,652
2027	5,116,899	5,559,718	7,858,652
2028	5,725,516	5,450,359	7,858,652
2029 - 2033	33,318,711	24,212,915	39,293,261
2034 - 2038	25,273,156	18,836,095	27,071,693
2039 - 2043	36,934,631	14,147,914	28,084,038
2044 - 2048	27,080,345	8,500,435	13,592,403
2049 - 2053	10,962,602	4,064,870	5,775,924
2054 - 2056	<u>8,068,699</u>	<u>768,206</u>	<u>3,465,555</u>
Total	<u>\$ 164,102,114</u>	<u>\$ 99,170,843</u>	<u>\$ 156,576,134</u>

In September 2020, The Friends of Team Charter Schools, Inc. and Affiliates (lessor) sold the long-term lease rights of 229 18th Avenue, Newark, New Jersey (the 18th Avenue Project), which is currently being leased to the Charter School, to Ashland (see page 36) 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 eighty-five (85) years, at which point they will receive title to the 18th Avenue Project.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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 \$13,357,462 to the Charter School for the year ended June 30, 2023. 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 \$1,099,921 in grants from KTAF for the year ended June 30, 2023.

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

The Charter School has three note payable agreements with FOT (see Note 15). Under these loan agreements, FOT agreed to finance the renovation and equipping of buildings owned by the Charter School.

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.

The Charter School received a total of \$846,749 in grants from Kingston for the year ended June 30, 2023.

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.

The Charter School holds eight facility and relate leases from related parties, with a total lease liability of \$159,205,759 as of June 30, 2023 (see Note 5).

Due from related parties consists of the following as of June 30, 2023:

FOT - capital advances (Maple Ave)	\$ 4,500,000
KTAF - operating advances	3,007,263
Kingston - grants	846,749
KTAF - grants	<u>148,113</u>
	<u>\$ 8,502,125</u>

Due to related party consists of \$188,100 of interest payable due to FOT as of June 30, 2023.

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) (collectively, the Systems). 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.

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 43:15b 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).

7. PENSION PLANS (Continued)

Vesting and Benefit Provisions - (Continued)

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 is suspended until reactivated as permitted by this law.

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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

7. PENSION PLANS (Continued)

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, 2023, was \$2,123,752.

In accordance with N.J.S.A 18A:66-66, the State reimbursed the Charter School \$1,363,824 for the year ended June 30, 2023, for the employer's share of Social Security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$15,041,219 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.

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 \$140,844,354 as measured on June 30, 2022, and \$115,134,536 as measured on June 30, 2021.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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 (Continued)

For the year ended June 30, 2023, the Charter School's pension expense of \$3,790,515 and revenue of \$3,790,515 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, 2023, is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. 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, 2021 and June 30, 2022.

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, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective deferred inflows of resources	\$ 19,563,805,393	\$ 27,221,092,460
Collective net pension liability (Non-employer - State of New Jersey)	\$ 51,594,415,806	\$ 48,075,188,942
State's portion of the net pension liability that was associated with the Charter School	\$ 140,844,354	\$ 115,134,536
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.272984%	.239488%

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	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, 2023

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

8. PENSION PLANS – GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2022.

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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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-notices.shtml>

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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

At June 30, 2023, the Charter School reported a liability of \$25,415,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022. At June 30, 2022, the Charter School’s proportion was .168412%, which was an increase of .039482% from its proportion measured as of June 30, 2021, which was .128930%.

For the year ended June 30, 2023, the Charter School recognized pension expense of \$3,110,943. At June 30, 2023, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 183,438	\$ 161,767
Changes of assumptions	78,746	3,805,727
Net difference between projected and actual earnings on pension plan investments	1,051,930	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	12,458,329	-
Charter School contributions subsequent to the measurement date	<u>2,123,752</u>	<u>-</u>
Total	<u>\$ 15,896,195</u>	<u>\$ 3,967,494</u>

The \$2,123,752 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, 2023, the plan measurement date was June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (2,180,128)
2024	(1,110,702)
2025	(541,668)
2026	1,181,714
2027	<u>(2,596)</u>
Total	<u>\$ (2,653,380)</u>

TEAM ACADEMY CHARTER SCHOOL, INC.Notes to the Basic Financial Statements
June 30, 2023**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)***

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$ 1,660,772,008	\$ 1,164,738,169
Collective deferred inflows of resources	\$ 3,236,303,935	\$ 8,339,123,762
Collective net pension liability (Non-State - Local Group)	\$ 15,219,184,920	\$ 11,972,782,878
Charter School's proportion of net pension liability	25,415,639	15,273,740
Charter School's proportion percentage	.168412	.128930%

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.75% - 6.25% based on years of service
Thereafter	2.75% - 6.25% 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2023

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, 2022, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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, 2022, 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>2022</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Charter School’s proportionate share of the net pension liability	<u>\$ 32,928,177</u>	<u>\$ 25,415,639</u>	<u>\$ 19,420,592</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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)

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School’s proportionate share of the net pension liability	<u>\$ 21,021,462</u>	<u>\$ 15,273,740</u>	<u>\$ 10,696,976</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, 2023

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 ACFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation:	2.50%		
	TPAF	PERS	PFRS
Salary increases:	2.75% to 4.25% based on service years	2.75% to 6.55% based on service years	3.25% to 16.25% based on service 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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the experience studies prepared for July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026, and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026, and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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.

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

	Charter School's Proportionate Share of the OPEB Liability	Total OPEB Liability
Balance at June 30, 2020, measurement date	\$ 42,023,834	\$ 67,809,962,608
Changes recognized for the fiscal year:		
Service cost	8,942,524	3,217,184,264
Interest on total OPEB liability	1,019,131	1,556,661,679
Change of benefit terms	(41,816)	(63,870,842)
Effect of differences between expected and actual experience	(11,919,264)	(11,385,071,658)
Effect of changes of assumptions	38,759	59,202,105
Contributions from the members	26,054	-
Contributions from the employer	<u>(802,790)</u>	<u>(1,186,417,186)</u>
Net changes	<u>(2,737,402)</u>	<u>(7,802,311,638)</u>
Balance at June 30, 2021, measurement date	<u>39,286,432</u>	<u>60,007,650,970</u>
Changes recognized for the fiscal year:		
Service cost	8,096,177	2,770,618,025
Interest on total OPEB liability	933,068	1,342,187,139
Effect of differences between expected and actual experience	(2,767,414)	1,399,200,736
Effect of changes of assumptions	(9,445,035)	(13,586,368,097)
Contributions from the members	29,650	42,650,252
Contributions from the employer	<u>(924,231)</u>	<u>(1,329,476,059)</u>
Net changes	<u>(4,077,785)</u>	<u>(9,361,188,004)</u>
Balance at June 30, 2022, measurement date	<u>\$ 35,208,647</u>	<u>\$ 50,646,462,966</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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, 2022, 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:

	2022		
	1% Decrease (2.54%)	At Discount Rate (3.54%)	1% Increase (4.54%)
Charter School's proportionate share of the net OPEB liability	\$ 41,384,061	\$ 35,208,647	\$ 30,259,361
Total OPEB liability	\$ 59,529,589,697	\$ 50,646,462,966	\$ 43,527,080,995
	2021		
	1% Decrease (1.21%)	At Discount Rate (2.21%)	1% Increase (3.21%)
Charter School's proportionate share of the net OPEB liability	\$ 47,058,978	\$ 39,286,432	\$ 33,166,018
Total OPEB liability	\$ 71,879,745,555	\$ 60,007,650,970	\$ 50,659,089,138

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, 2022, 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:

	2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Charter School's proportionate share of the net OPEB liability	\$ 29,102,099	\$ 35,208,647	\$ 43,229,969
Total OPEB liability	\$ 41,862,397,291	\$ 50,646,462,966	\$ 62,184,866,635
	2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Charter School's proportionate share of the net OPEB liability	\$ 31,802,494	\$ 39,286,432	\$ 49,336,807
Total OPEB liability	\$ 48,576,388,417	\$ 60,007,650,970	\$ 75,358,991,782

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

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, 2023, the Charter School recognized OPEB expense and related revenue of \$9,457,967 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 \$50,646,462,966. Of this amount, the total OPEB liability attributable to the Charter School was \$35,208,647. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.0695%.

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, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,042,402,619	\$ (15,462,950,679)
Changes of assumptions	8,765,620,577	(17,237,289,230)
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>N/A</u>
Total	<u>\$ 17,808,023,196</u>	<u>\$ (32,700,239,909)</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 June 30,</u>	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
Total	<u>\$ (14,892,216,713)</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

10. DEFERRED COMPENSATION

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

11. ECONOMIC DEPENDENCY

The Charter School receives approximately 98% of its support from Federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

12. CONTINGENT LIABILITIES

Certain amounts from Federal and state agencies are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the net position of the Charter School as of June 30, 2023, 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.

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 Annual Comprehensive Financial Report.

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

14. RECEIVABLES

Receivables as of June 30, 2023, consisted of accounts, intergovernmental, grants, and miscellaneous. All receivables are considered collectible in full.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivable accounts	\$ 6,532,131	\$ 4,550,717	\$ 1,042,777	\$ 12,125,625
Less - allowance for doubtful accounts	<u>(730,187)</u>	<u>-</u>	<u>-</u>	<u>(730,187)</u>
Receivables, net	<u>\$ 5,801,944</u>	<u>\$ 4,550,717</u>	<u>\$ 1,042,777</u>	<u>\$ 11,395,438</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2023

14. RECEIVABLES (Continued)

As of June 30, 2023, approximately 96% of the Charter School's school-wide receivables were due from the State of New Jersey. The Charter School received 97% of its total general revenues through contracts from the State of New Jersey.

15. LONG-TERM DEBT

Notes Payable

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, 2023. Interest expense totaled \$620,585 for the year ended June 30, 2023.

The Charter School has a second note payable agreement with FOT (see Note 6). The initial agreed upon interest rate is 4.18% and which resets annually beginning in April 2023 to the six-month U.S. Treasury rate plus 3.15%. The interest rate was 7.95% and 4.18% as of June 30, 2023 and 2022, respectively. 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, 2023. Interest expense totaled \$188,100 for the year ended June 30, 2023.

The Charter School has a third note payable agreement with FOT (see Note 6). The note bears interest at 3.37% and includes borrowings up to \$6,700,000. Monthly interest-only payments of \$18,816 were due beginning in July 2022 through June 2036, at which time monthly principal and interest payments are due through June 2056 (maturity). This note is secured by a building owned by the Charter School (see Note 4). The outstanding principal balance is \$5,155,855 as of June 30, 2023. Interest expense totaled \$292,020 for the year ended June 30, 2023.

Line of Credit

The Charter School maintained a revolving line of credit agreement with a bank. The agreement allowed for borrowings up to \$6,000,000. This line of credit was renewable annually and expired on June 30, 2023. Interest was payable at the London Interbank Offered Rate (LIBOR) plus 3% (4.06% at June 30, 2023). Interest expense and fees totaled approximately \$134,000 for the year ended June 30, 2023. The loan was subject to certain guarantees and security interests on assets of the Charter School. The line of credit agreement contained various financial covenants with which the Charter School must comply. The Charter School is in compliance with these covenants at June 30, 2023. There was no outstanding balance under this line of credit at June 30, 2023, and the line of credit was not renewed for an additional term.

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, 2023

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, 2023	\$ 39,376,429
Cost of capital assets, net of accumulated depreciation	23,066,287
Long-term liabilities - notes payable	(21,114,999)
Right-to-use assets	156,576,134
Lease liabilities	(164,102,114)
Pension deferred outflows	15,896,195
Pension deferred inflows	(3,967,494)
Deferred pension liability as of June 30, 2023	<u>(25,415,639)</u>
Net position (per A-1) as of June 30, 2023	<u>\$ 20,314,799</u>

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

TEAM ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local share	\$ 18,834,582	\$ (1,789,440)	\$ 17,045,142	\$ 14,586,317	\$ 2,458,825
State share	97,204,901	-	97,204,901	97,022,112	182,789
Philanthropic support	-	846,749	846,749	-	846,749
Miscellaneous	878,998	-	878,998	1,234,670	(355,672)
Total - Local Sources	<u>116,918,481</u>	<u>(942,691)</u>	<u>115,975,790</u>	<u>112,843,099</u>	<u>3,132,691</u>
Federal Sources:					
SEMI grant	<u>560,741</u>	<u>-</u>	<u>560,741</u>	<u>489,515</u>	<u>71,226</u>
State Sources:					
Categorical Aid:					
TPAF Social Security (Reimbursed)	2,493,017	(100,000)	2,393,017	1,363,824	1,029,193
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	3,126,664	(3,126,664)
TPAF Post Long-term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	12,414	(12,414)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	11,902,141	(11,902,141)
Total State Sources	<u>2,493,017</u>	<u>(100,000)</u>	<u>2,393,017</u>	<u>16,405,043</u>	<u>(14,012,026)</u>
Total revenues	<u>119,972,239</u>	<u>(1,042,691)</u>	<u>118,929,548</u>	<u>129,737,657</u>	<u>(10,808,109)</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Teachers salaries	20,048,503	(7,135,184)	12,913,319	27,396,170	(14,482,851)
Other salaries	1,681,421	334,322	2,015,743	1,389,647	626,096
General education supplies	2,050,624	398,020	2,448,644	2,109,308	339,336
Textbooks	366,619	14,040	380,659	329,308	51,351
Miscellaneous expenses	2,312,695	479,830	2,792,525	2,100,841	691,684
Total Regular Programs - Instruction	<u>26,459,862</u>	<u>(5,908,972)</u>	<u>20,550,890</u>	<u>33,325,274</u>	<u>(12,774,384)</u>
General Administrative:					
Salaries	10,217,721	(1,476,593)	8,741,128	9,137,881	(396,753)
Cost of benefits	33,435,109	(9,839,608)	23,595,501	13,578,473	10,017,028
Purchased professional technical services	15,084,977	80,876	15,165,853	14,501,469	664,384
Communications and telephones	351,300	-	351,300	305,262	46,038
Supplies and materials	2,090,208	52,478	2,142,686	1,964,181	178,505
Interest on current loans	-	-	-	59,470	(59,470)
Miscellaneous expenses	5,906,838	1,172,604	7,079,442	1,196,729	5,882,713
Total General Administrative	<u>67,086,153</u>	<u>(10,010,243)</u>	<u>57,075,910</u>	<u>40,743,465</u>	<u>16,332,445</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures: (Continued)					
Current Expense: (Continued)					
Support Services:					
Salaries	8,674,883	752,585	9,427,468	9,300,214	127,254
Purchased professional technical services	1,266,139	1,377,760	2,643,899	2,948,720	(304,821)
Other purchased services	1,224,836	995,636	2,220,472	2,077,799	142,673
Lease interest payments	5,614,883	-	5,614,883	5,614,883	-
Insurance	8,436,556	-	8,436,556	776,294	7,660,262
Supplies and materials	1,754,659	182,000	1,936,659	667,519	1,269,140
Energy and utilities	684,860	90,328	775,188	1,682,759	(907,571)
Miscellaneous expenses	-	40,052	40,052	217,523	(177,471)
Transportation other than to/from school	204,016	57,427	261,443	338,563	(77,120)
Total Support Services	<u>27,860,832</u>	<u>3,495,788</u>	<u>31,356,620</u>	<u>23,624,274</u>	<u>7,732,346</u>
Total General Current Expenditures	<u>121,406,847</u>	<u>(12,423,427)</u>	<u>108,983,420</u>	<u>97,693,013</u>	<u>11,290,407</u>
Capital Outlay:					
Non-instructional equipment	<u>1,800,133</u>	<u>-</u>	<u>1,800,133</u>	<u>211,744</u>	<u>1,588,389</u>
TPAF Social Security	<u>2,493,017</u>	<u>(100,000)</u>	<u>2,393,017</u>	<u>1,363,824</u>	<u>1,029,193</u>
TPAF Medical (On-Behalf - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,126,664</u>	<u>(3,126,664)</u>
TPAF Long-term Disability Insurance (On-Behalf - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,414</u>	<u>(12,414)</u>
TPAF Pension (On-Behalf - Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,902,141</u>	<u>(11,902,141)</u>
Total Expenditures - General Fund	<u>125,699,997</u>	<u>(12,523,427)</u>	<u>113,176,570</u>	<u>114,309,800</u>	<u>(1,120,816)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(5,727,758)</u>	<u>11,480,736</u>	<u>5,752,978</u>	<u>15,427,857</u>	<u>(9,687,293)</u>
Other Financing Sources (Uses):					
Lease principal payments	(3,763,047)	-	(3,763,047)	(3,763,047)	-
Transfers to other funds	-	-	-	(661,315)	661,315
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,424,362)</u>	<u>661,315</u>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,727,758)</u>	<u>11,480,736</u>	<u>5,752,978</u>	<u>11,003,495</u>	<u>(5,250,517)</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>28,372,934</u>	<u>28,372,934</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (5,727,758)</u>	<u>\$ 11,480,736</u>	<u>\$ 34,125,912</u>	<u>\$ 39,376,429</u>	<u>\$ (5,250,517)</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal sources	\$ 18,651,389	\$ 228,907	\$ 18,880,296	\$ 18,138,105	\$ 742,191
State sources	-	-	-	899,611	(899,611)
Philanthropic support	2,058,407	1,836,362	3,894,769	3,043,488	851,281
Total Revenues	<u>20,709,796</u>	<u>2,065,269</u>	<u>22,775,065</u>	<u>22,081,204</u>	<u>693,861</u>
Expenditures:					
Instruction:					
Salaries of teachers	1,672,292	(309,210)	1,363,082	1,707,418	(344,336)
Other salaries	-	199,048	199,048	129,848	69,200
General supplies	1,049,378	182,853	1,232,231	1,232,158	73
Miscellaneous	927,805	(601,417)	326,388	198,417	127,971
Total Instruction	<u>3,649,475</u>	<u>(528,726)</u>	<u>3,120,749</u>	<u>3,267,841</u>	<u>(147,092)</u>
Support Services:					
Support service salaries	11,193,822	1,387,275	12,581,097	11,911,642	669,455
Employee benefits	920,081	1,423,880	2,343,961	1,950,062	393,899
Purchased professional services	1,663,553	659,744	2,323,297	1,992,206	331,091
Supplies	52,188	8,591	60,779	218,461	(157,682)
Miscellaneous	2,521,647	(176,465)	2,345,182	1,824,928	520,254
Total Support Services	<u>16,351,291</u>	<u>3,303,025</u>	<u>19,654,316</u>	<u>17,897,299</u>	<u>1,757,017</u>
Facilities Acquisition and Construction Services:					
Capital outlay - construction services	-	-	-	916,064	(916,064)
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>916,064</u>	<u>(916,064)</u>
Total Expenditures	<u>20,000,766</u>	<u>2,774,299</u>	<u>22,775,065</u>	<u>22,081,204</u>	<u>693,861</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 709,030</u>	<u>\$ (709,030)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

TEAM ACADEMY CHARTER SCHOOL, INC.

Required Supplementary Information Budgetary Comparison Schedule Note to RSI
Budget-to-GAAP Reconciliation
For the Year Ended June 30, 2023

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 the Charter School's Proportionate Share of the Net Pension Liability - PERS
For the Years Ended June 30*

	<u>2023</u>	<u>2022</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>
Charter School Proportion of the Net Position Liability (Asset)	0.168412	0.128930	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)	\$ 25,415,639	\$ 15,273,740	\$ 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	\$ 31,399,074	\$ 28,619,261	\$ 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) as a percentage of its covered-employee payroll	80.94%	53.37%	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	123.54%	187.38%	88.70%	67.24%	45.24%	42.71%	48.10%	40.14%	47.93%	47.93%

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Charter School Contributions - PERS
For the Years Ended June 30*

	<u>2023</u>	<u>2022</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>
Contractually required contribution	\$ 2,123,752	\$ 1,509,925	\$ 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>(2,123,752)</u>	<u>(1,509,925)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Charter School covered-employee payroll	\$ 31,399,074	\$ 28,619,261	\$ 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	6.76%	5.28%	7.56%	8.14%	11.35%	9.84%	6.29%	27.09%	9.61%	10.18%

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of the Charter School's Proportionate Share of the Net Pension Liability - TPAF
For the Years Ended June 30*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	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	N/A	N/A
State's Proportionate Share of the Net Pension Liability (Asset) associated with the Charter School	\$ 140,844,354	\$ 115,134,536	\$ 148,735,585	\$ 137,150,045	\$ 113,863,438	\$ 118,016,000	\$ 127,657,156	\$ 89,255,550	\$ 47,050,313	\$ 5,287,441
Total	\$ 140,844,354	\$ 115,134,536	\$ 148,735,585	\$ 137,150,045	\$ 113,863,438	\$ 118,016,000	\$ 127,657,156	\$ 89,255,550	\$ 47,050,313	\$ 5,287,441
Charter School covered-employee payroll	\$ 17,208,079	\$ 30,640,064	\$ 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) as a percentage of its covered-employee payroll	0%	0%	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	N/A	N/A

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of TEAM's Contribution TPAF
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

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 Charter School's Total OPEB Liability and Related Ratios - PERS and TPAF
For the Years Ended June 30*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Changes for the Year:						
Service cost	\$ 8,096,177	\$ 8,942,524	\$ 4,420,450	\$ 3,981,004	\$ 3,548,125	\$ 4,343,034
Interest cost	933,068	1,019,131	915,375	891,026	874,123	711,227
Changes of assumptions	(9,445,035)	38,759	7,676,310	329,286	(2,222,656)	(4,312,831)
Changes in benefit terms	-	(41,816)	-	-	-	-
Changes between expected and actual expenditures	(2,767,414)	(11,919,264)	7,636,346	(1,827,407)	(3,447,397)	-
Member contributions	29,650	26,054	22,175	20,096	17,900	18,010
Gross benefit payments	(924,231)	(802,790)	(731,600)	(677,937)	(517,912)	(489,104)
Net change in total OPEB liability	(4,077,785)	(2,737,402)	19,939,056	2,716,068	(1,747,817)	270,336
Total OPEB liability - beginning of year	<u>39,286,432</u>	<u>42,023,834</u>	<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>\$ 35,208,647</u>	<u>\$ 39,286,432</u>	<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	\$ 7,490,172	\$ 13,432,564	\$ 12,694,490	\$ 6,671,333	\$ 4,925,342	\$ 4,926,940
Total OPEB liability as a percentage of covered-employee payroll	470%	292%	331%	331%	393%	429%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.08%	0.09%	0.09%	0.05%	0.04%	0.04%
Charter School's contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Notes to Schedule:

Changes of Benefits Terms - none

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

SPECIAL REVENUE FUND

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2023

	Total	PNG Social Worker Grant	CSP	KTAF	Kingston	Project Ready	NCSF Safety Grant	KIPP Foundation Overgrad	Amazon STEM Grant	Cohen Gift	Capital Emergent Fund Grant	NJCF	Title I	Title III	IDEA Part B-Basic Reg. Prog.	CRRSA Act ESSER 2	CRRSA Act Learning Acceleration	CRRSA Act Mental Health	ARP ESSER	ARP ESSER Subgrant
Revenues:																				
Intergovernmental:																				
Federal	\$ 18,138,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,294,639	\$ 37,386	\$ 1,462,176	\$ 3,513,382	\$ 336,938	\$ 4,500	\$ 6,922,765	\$ 566,319
State	899,611	-	-	-	-	-	-	-	-	-	899,611	-	-	-	-	-	-	-	-	-
Other Sources:																				
Miscellaneous	3,043,488	73,518	1,238,949	749,058	846,749	80,000	31,453	8,807	5,142	7,937	-	1,875	-	-	-	-	-	-	-	-
Total Revenues	22,081,204	73,518	1,238,949	749,058	846,749	80,000	31,453	8,807	5,142	7,937	899,611	1,875	5,294,639	37,386	1,462,176	3,513,382	336,938	4,500	6,922,765	566,319
Expenditures:																				
Instruction:																				
Salaries of teachers	1,707,418	-	208,132	-	-	-	-	-	-	-	-	-	403,783	-	-	-	106,952	-	972,091	16,460
Other salaries	129,848	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129,848	-
General supplies	1,232,158	-	-	366,030	846,749	-	-	-	-	-	-	-	-	19,379	-	-	-	-	-	-
Miscellaneous	198,417	-	-	-	-	-	-	-	5,142	7,937	-	-	-	-	-	88,788	96,550	-	-	-
Total Instruction	3,267,841	-	208,132	366,030	846,749	-	-	-	5,142	7,937	-	-	403,783	19,379	-	88,788	203,502	-	1,101,939	16,460
Support Services:																				
Support services salaries	11,911,642	68,182	363,794	3,435	-	-	-	-	-	-	-	-	4,049,572	5,000	1,441,800	974,028	46,461	4,144	4,578,095	377,131
Employee benefits	1,950,062	5,336	-	6,915	-	-	-	-	-	-	-	-	482,079	-	20,376	160,655	3,353	356	1,145,379	125,613
Purchased professional services	1,992,206	-	63,876	17,550	-	-	31,453	-	-	-	-	1,875	223,169	-	-	1,556,931	-	-	97,352	-
Supplies and materials	218,461	-	19,691	16,549	-	80,000	-	8,807	-	-	-	-	-	9,792	-	-	83,622	-	-	-
Miscellaneous	1,824,928	-	583,456	322,126	-	-	-	-	-	-	-	-	136,036	3,215	-	732,980	-	-	-	47,115
Capital outlay	916,064	-	-	16,453	-	-	-	-	-	-	899,611	-	-	-	-	-	-	-	-	-
Total Support Services	18,813,363	73,518	1,030,817	383,028	-	80,000	31,453	8,807	-	-	899,611	1,875	4,890,856	18,007	1,462,176	3,424,594	133,436	4,500	5,820,826	549,859
Total Expenditures	22,081,204	73,518	1,238,949	749,058	846,749	80,000	31,453	8,807	5,142	7,937	899,611	1,875	5,294,639	37,386	1,462,176	3,513,382	336,938	4,500	6,922,765	566,319
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 Year Ended June 30, 2023

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>	
300 N. 13 th Street facility - Purchase and renovation of existing classrooms including, but not limited to, new ceilings, flooring, and painting.	9/28/2018	<u>\$ 15,249,164</u>	<u>\$ 13,845,699</u>	<u>\$ 1,403,465</u>	<u>\$ -</u>
Totals		<u>\$ 15,249,164</u>	<u>\$ 13,845,699</u>	<u>\$ 1,403,465</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 Year Ended June 30, 2023

Expenditures:

Capital Outlay:

Construction in process	<u>\$ 1,403,465</u>
-------------------------	---------------------

Other Financing Sources (Uses):

Issuance of notes payable	1,270,231
Transfers to general fund	<u>(439,390)</u>

Total other financing sources	<u>830,841</u>
-------------------------------	----------------

Net change in fund balance	(572,624)
----------------------------	-----------

Fund Balance, July 1, 2022	<u>572,624</u>
-----------------------------------	----------------

Fund Balance, June 30, 2023	<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, 2023

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>
Revenues and Other Financing Sources:			
Capital grant	\$ 404,490	\$ -	\$ 404,490
Issuance of note payable	11,853,615	1,270,231	13,123,846
Transfers from general fund	<u>2,160,218</u>	<u>-</u>	<u>2,160,218</u>
Total revenues and other financing sources	<u>14,418,323</u>	<u>1,270,231</u>	<u>15,688,554</u>
Expenditures and Other Financing Uses:			
Building purchase	6,069,900	-	6,069,900
Building improvements	7,155,214	1,403,465	8,558,679
Interest expense	620,585	-	620,585
Transfers to the general fund	<u>-</u>	<u>439,390</u>	<u>439,390</u>
Total expenditures and other financing uses	<u>13,845,699</u>	<u>1,842,855</u>	<u>15,688,554</u>
Excess (deficit) of revenues over (under) expenses	<u>\$ 572,624</u>	<u>\$ (572,624)</u>	<u>\$ -</u>

PROPRIETARY FUNDS

ENTERPRISE FUND

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

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2023

	Business-type Activities - Enterprise Fund Food Service
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 1,372,311
Accounts receivable:	
Federal receivables	990,839
State	38,358
Other	<u>13,580</u>
Total current assets	2,415,088
Capital Assets	<u>564,333</u>
Total assets	<u><u>\$ 2,979,421</u></u>
Liabilities:	
Current Liabilities:	
Due to funds	\$ 564,333
Net Position:	
Unrestricted	<u>2,415,088</u>
Total liabilities and net position	<u><u>\$ 2,979,421</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, 2023

	Business-type Activities - Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 198,202
Miscellaneous income	955
	<u> </u>
Total operating revenues	199,157
Operating Expenses:	
Cost of sales - reimbursable programs	<u>4,626,860</u>
Operating loss	<u>(4,427,703)</u>
Nonoperating Revenues:	
State sources:	
State school lunch program	103,965
Federal sources:	
National school lunch program	3,362,296
School breakfast program	1,348,522
Fresh fruit and vegetable program	<u>98,449</u>
Total nonoperating revenues	<u>4,913,232</u>
Change in net position	485,529
Total Net Position - beginning of year	<u>1,929,559</u>
Total Net Position - ending of year	<u><u>\$ 2,415,088</u></u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Receipts from customers	\$ 186,505
Payments to suppliers	<u>(4,939,864)</u>

Net cash used in operating activities	<u>(4,753,359)</u>
---------------------------------------	--------------------

Cash Flows from Non-capital Financing Activities:

Receipts from state and federal sources	<u>4,966,637</u>
---	------------------

Net cash provided by non-capital financing activities	<u>4,966,637</u>
---	------------------

Net increase in cash and cash equivalents	213,278
---	---------

Cash and Cash Equivalents , beginning of year	<u>1,159,033</u>
--	------------------

Cash and Cash Equivalents , end of year	<u><u>\$ 1,372,311</u></u>
--	----------------------------

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:	\$ (4,427,703)

Changes in operating assets and liabilities:

Increase in other accounts receivable	(12,652)
---------------------------------------	----------

Decrease in accounts payable	(313,004)
------------------------------	-----------

Decrease in due to related party	(564,333)
----------------------------------	-----------

Increase in due to funds	<u>564,333</u>
--------------------------	----------------

Net cash used in operating activities	<u><u>\$ (4,753,359)</u></u>
---------------------------------------	------------------------------

LONG-TERM DEBT

TEAM ACADEMY CHARTER SCHOOL, INC.

Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Regular debt service:					
Interest expense		1,100,705	1,100,705	1,100,705	-
Total expenditures	-	1,100,705	1,100,705	1,100,705	-
Other Financing Sources (Uses):					
Transfers from general fund	-	-	-	1,100,705	(1,100,705)
Excess (deficiency) of revenues over (under) expenditures	-	(1,100,705)	(1,100,705)	-	1,100,705
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ (1,100,705)</u>	<u>\$ (1,100,705)</u>	<u>\$ -</u>	<u>\$ 1,100,705</u>

STATISTICAL SECTION

This part of the TEAM Academy Charter School, Inc.'s Annual Comprehensive 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 annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS

TEAM ACADEMY CHARTER SCHOOL, INC.

Net Position by Component
 For the Years Ended June 30
 (Accrual Basis of Accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u> (As Restated)	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Invested in capital assets, net of related debt	\$ (5,574,692)	\$ (1,639,336)	\$ 2,573,484	\$ 6,710,927	\$ 9,986,070	\$ 6,427,542	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365
Restricted for capital projects	-	572,624	-	-	(595,630)	-	-	-	-	-
Unrestricted	<u>25,889,491</u>	<u>15,233,342</u>	<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>
Total governmental activities net position	<u>\$ 20,314,799</u>	<u>\$ 14,166,630</u>	<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>
Business-type Activities:										
Unrestricted	<u>\$ 2,415,088</u>	<u>\$ 1,929,559</u>	<u>\$ 25,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,924</u>	<u>\$ 40,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net position	<u>\$ 2,415,088</u>	<u>\$ 1,929,559</u>	<u>\$ 25,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,924</u>	<u>\$ 40,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School-wide:										
Invested in capital assets, net of related debt	\$ (5,574,692)	\$ (1,639,336)	\$ 2,573,484	\$ 6,710,927	\$ 9,986,070	\$ 6,427,542	\$ 4,479,854	\$ 3,984,574	\$ 2,910,970	\$ 2,259,365
Restricted for capital projects	-	572,624	-	-	(595,630)	-	-	-	-	-
Unrestricted	<u>28,304,579</u>	<u>17,162,901</u>	<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>
Total school-wide net position	<u>\$ 22,729,887</u>	<u>\$ 16,096,189</u>	<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>

TEAM ACADEMY CHARTER SCHOOL, INC.

Changes in Net Position
For the Years Ended June 30
(Accrual Basis of Accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 36,593,115	\$ 38,263,038	\$ 34,961,515	\$ 28,605,257	\$ 26,093,302	\$ 26,632,259	\$ 25,522,672	\$ 23,810,908	\$ 23,159,756	\$ 19,613,079
Support services:										
General administration	41,844,170	32,896,220	33,476,886	31,111,660	24,004,333	23,335,481	18,337,847	25,090,283	19,244,447	15,041,641
School administrative services	41,521,573	36,638,205	25,849,664	26,017,292	27,026,737	20,304,734	30,178,176	12,291,309	10,368,962	8,218,592
On-behalf and reimbursed TPAF Social Security and pension	16,392,629	16,372,457	11,739,628	9,184,148	8,702,511	6,314,121	18,844,747	4,200,680	3,232,391	2,219,464
Capital outlay	2,531,273	4,059,560	1,645,814	2,017,231	11,014,967	-	-	-	-	-
Transfers	-	-	-	305,122	89,666	-	-	-	-	-
Unallocated depreciation	1,197,058	860,116	908,707	1,248,980	677,981	298,625	270,914	-	189,294	177,466
Amortization Expense	7,762,387	6,703,467	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>147,842,205</u>	<u>135,793,063</u>	<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>
Business-type activities:										
Food service	4,626,860	4,444,924	1,314,636	3,164,790	3,652,988	3,239,842	3,058,019	2,795,185	2,416,922	1,611,326
Total business-type activities expense	<u>4,626,860</u>	<u>4,444,924</u>	<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>
Total school expenses	<u>\$ 152,469,065</u>	<u>\$ 140,237,987</u>	<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>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 22,081,204	\$ 24,112,616	\$ 10,282,494	\$ 6,827,112	\$ 6,620,103	\$ 4,479,955	\$ 4,716,404	\$ 6,568,740	\$ 6,050,145	\$ 6,172,992
Total governmental activities program revenues	<u>22,081,204</u>	<u>24,517,106</u>	<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>
Business-type activities:										
Charges for services:										
Non-operating grants and contributions	4,913,232	6,243,439	1,339,890	2,690,943	3,169,070	2,830,415	2,724,007	-	-	-
Food service and transfers	199,157	105,102	688	473,847	428,994	424,209	374,154	2,795,185	2,416,922	1,611,326
Total business type activities program revenues	<u>5,112,389</u>	<u>6,348,541</u>	<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>
Total district program revenues	<u>\$ 27,193,593</u>	<u>\$ 30,865,647</u>	<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>
Net (Expense)/Revenue:										
Governmental activities	\$ (125,761,001)	\$ (111,275,957)	\$ (98,299,720)	\$ (91,662,578)	\$ (90,989,394)	\$ (72,405,265)	\$ (88,437,952)	\$ (58,824,440)	\$ (50,144,705)	\$ (39,097,250)
Business-type activities	485,529	1,903,617	25,942	-	(54,924)	14,782	40,142	-	-	-
Total school-wide net expense	<u>\$ (125,275,472)</u>	<u>\$ (109,372,340)</u>	<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>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Grants and contributions	\$ 113,916,670	\$ 98,529,825	\$ 88,429,128	\$ 78,047,564	\$ 72,597,342	\$ 61,800,995	\$ 59,008,384	\$ 50,007,326	\$ 44,447,903	\$ 35,817,211
Property taxed levied for general purposes	14,586,317	12,596,273	11,211,679	10,484,071	9,126,886	11,612,625	7,950,107	7,346,040	6,353,278	5,056,561
Increase in net capital outlay	2,531,273	4,059,560	1,645,814	2,017,231	11,014,967	*	*	*	*	*
Miscellaneous income	1,234,670	1,051,243	772,375	725,447	713,483	1,458,565	1,403,171	663,448	1,166,554	558,318
Total governmental activities	<u>132,268,930</u>	<u>116,236,901</u>	<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>
Total school-wide	<u>\$ 132,268,930</u>	<u>\$ 116,236,901</u>	<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>
Change in Net Position (before change in pension):										
Governmental activities	\$ 6,507,929	\$ 4,960,944	\$ 3,759,276	\$ (388,265)	\$ 2,463,284	\$ 2,466,920	\$ (20,076,290)	\$ (807,626)	\$ 1,823,030	\$ 2,334,840
Business-type activities	485,529	1,903,617	25,942	-	(54,924)	14,782	40,142	-	-	-
Total school	<u>\$ 6,993,458</u>	<u>\$ 6,864,561</u>	<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>

* Information not provided on prior year schedules

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position - All Funds
 GASB to FASB Reconciliation
 As of June 30, 2023

	Governmental Activities	Business-type Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
Assets:					
Cash and cash equivalents	\$ 26,109,308	\$ 1,372,311	\$ 27,481,619	\$ -	\$ 27,481,619
Due from (to) funds	564,333	(564,333)	-	-	-
Receivables, net	10,352,661	1,042,777	11,395,438	-	11,395,438
Due from related parties	8,502,125	-	8,502,125	-	8,502,125
Prepaid expenses	1,351,972	-	1,351,972	-	1,351,972
Residual interest in property	-	-	-	1,100,000 (4)	1,100,000
Capital assets, net	23,066,287	564,333	23,630,620	450,735 (2)	24,081,355
Right-to-use lease assets, net	156,576,134	-	156,576,134	7,461,061 (5)	164,037,195
Total assets	<u>226,522,820</u>	<u>2,415,088</u>	<u>228,937,908</u>	<u>9,011,796</u>	<u>237,949,704</u>
Deferred Outflows of Resources:					
Pension deferred outflows	15,896,195	-	15,896,195	-	15,896,195
Total assets and deferred outflows of resources	<u>\$ 242,419,015</u>	<u>\$ 2,415,088</u>	<u>\$ 244,834,103</u>	<u>\$ 9,011,796</u>	<u>\$ 253,845,899</u>
Liabilities:					
Intergovernmental payables - state	\$ 2,670,582	\$ -	\$ 2,670,582	\$ -	\$ 2,670,582
Accounts payable	2,984,500	-	2,984,500	-	2,984,500
Payroll deductions and withholdings payable	1,660,788	-	1,660,788	-	1,660,788
Due to related party	188,100	-	188,100	-	188,100
Deferred rent payable	-	-	-	1,584,990 (3)	1,584,990
Notes payable	21,114,999	-	21,114,999	-	21,114,999
Net pension liability	25,415,639	-	25,415,639	-	25,415,639
Lease liabilities	164,102,114	-	164,102,114	-	164,102,114
Total liabilities	<u>218,136,722</u>	<u>-</u>	<u>218,136,722</u>	<u>1,584,990</u>	<u>219,721,712</u>
Deferred Inflows of Resources:					
Pension deferred inflows	3,967,494	-	3,967,494	-	3,967,494
Total liabilities and deferred inflows of resources	<u>222,104,216</u>	<u>-</u>	<u>222,104,216</u>	<u>1,584,990</u>	<u>223,689,206</u>
Net Position:					
Invested in capital assets, net of capital debt	(5,574,692)	-	(5,574,692)	-	(5,574,692)
Unrestricted	25,889,491	2,415,088	28,304,579	7,426,806 (1)	35,731,385
Total net position	<u>20,314,799</u>	<u>2,415,088</u>	<u>22,729,887</u>	<u>7,426,806</u>	<u>30,156,693</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 242,419,015</u>	<u>\$ 2,415,088</u>	<u>\$ 244,834,103</u>	<u>\$ 9,011,796</u>	<u>\$ 253,845,899</u>
Fund Balance, June 30, 2023 - B-1	\$ 39,376,429				\$ 48,870,977
Cost of capital assets, net of accumulated depreciation	23,066,287				23,066,287
Cost of right-to-use lease assets, net of accumulated amortization	156,576,134				156,576,134
Net change in pension (fund to school-wide reconciliation)	-				347,346
Principal balance of notes payable	(21,114,999)				(21,114,999)
Principal balance of lease liabilities	(164,102,114)				(164,102,114)
Net position before pension adjustments	33,801,737				43,643,631
Less - pension, net (deficit)	(13,486,938)				(13,486,938)
Total net position, June 30, 2023	<u>\$ 20,314,799</u>				<u>\$ 30,156,693</u>

Notes:

- (1) Ending accumulated impact of GASB to FASB reconciliation.
- (2) FASB reconciliation to add construction interest expensed under GASB (net of accumulated depreciation of \$11,557) to be capitalized under FASB.
- (3) Reconciliation to add straight-line impact of deferred rent payable as presented by the respective lessors.
- (4) FASB reconciliation to include the donation of residual interest in property under FASB.
- (5) Reconciliation to adjust the balance of right-to-use lease assets to conform with the accounting of the respective lessors.

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
 GASB to FASB Reconciliation
 For the Year Ended June 30, 2023

	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			
Revenues:									
Local sources:									
State share	\$ 97,022,112	\$ -	\$ -	\$ -	\$ 97,022,112	\$ -	\$ 97,022,112	\$ -	\$ 97,022,112
Local share	14,586,317	-	-	-	14,586,317	-	14,586,317	-	14,586,317
Philanthropic support	-	3,043,488	-	-	3,043,488	-	3,043,488	-	3,043,488
Miscellaneous	1,234,670	-	-	-	1,234,670	199,157	1,433,827	-	1,433,827
Total - local sources	112,843,099	3,043,488	-	-	115,886,587	199,157	116,085,744	-	116,085,744
Federal sources	489,515	18,138,105	-	-	18,627,620	4,809,267	23,436,887	-	23,436,887
State sources	16,392,629	899,611	-	-	17,292,240	103,965	17,396,205	-	17,396,205
Total revenues	129,725,243	22,081,204	-	-	151,806,447	5,112,389	156,918,836	-	156,918,836
Expenditures:									
Current:									
Instruction	33,325,274	3,267,841	-	-	36,593,115	-	36,593,115	-	36,593,115
Administrative	40,743,465	-	-	1,100,705	41,844,170	-	41,844,170	11,557 (9)	41,855,727
Support services	23,624,274	17,897,299	-	-	41,521,573	4,626,860	46,148,433	53,587 (2)	46,202,020
TPAF Social Security (Reimbursed)	1,363,824	-	-	-	1,363,824	-	1,363,824	-	1,363,824
TPAF Medical (On-Behalf - Non-Budgeted)	3,126,664	-	-	-	3,126,664	-	3,126,664	-	3,126,664
TPAF Pension (On-Behalf - Non-Budgeted)	11,902,141	-	-	-	11,902,141	-	11,902,141	-	11,902,141
Capital outlay	211,744	916,064	1,403,465	-	2,531,273	-	2,531,273	(2,531,273) (3)	-
Amortization expense - right-to-use assets (component of rent expense)	-	-	-	-	-	-	-	3,763,047 (8)	3,763,047
Depreciation expense	-	-	-	-	-	-	-	1,197,058 (4)	1,197,058
Total expenditures	114,297,386	22,081,204	1,403,465	1,100,705	138,882,760	4,626,860	143,509,620	2,493,976	146,003,596
Excess (deficit) of revenues over (under) expenditures	15,427,857	-	(1,403,465)	(1,100,705)	12,923,687	485,529	13,409,216	(2,493,976)	10,915,240
Other Financing Sources (Uses):									
Issuance of note payable	-	-	1,270,231	-	1,270,231	-	1,270,231	(1,270,231) (5)	-
Lease principal payments	(3,763,047)	-	-	-	(3,763,047)	-	(3,763,047)	3,763,047 (7)	-
Net change in pension (fund to school-wide reconciliation)	(347,346) (6)	-	-	-	(347,346)	-	(347,346)	-	(347,346)
Transfers between funds	(661,315)	-	(439,390)	1,100,705	-	-	-	-	-
Total other financing sources (uses)	(4,771,708)	-	830,841	1,100,705	(2,840,162)	-	(2,840,162)	2,492,816	(347,346)
Net change in fund balances	10,656,149	-	(572,624)	-	10,083,525	485,529	10,569,054	(1,160)	10,567,894
Fund Balance - July 1, 2022	28,372,934	-	572,624	-	28,945,558	1,929,559	30,875,117	3,492,610 (1)	34,367,727
Net change in capital assets (fund to school-wide reconciliation)	-	-	-	-	-	-	-	(1,334,215) (3) (4)	(1,334,215)
Net change in note payable (fund to school-wide reconciliation)	-	-	-	-	-	-	-	1,270,231 (5)	1,270,231
Net change in right-to-use assets and lease liability (fund to school-wide reconciliation)	-	-	-	-	-	-	-	3,999,340 (7) (8a)	3,999,340
Fund Balance - June 30, 2023	\$ 39,029,083	\$ -	\$ -	\$ -	\$ 39,029,083	\$ 2,415,088	\$ 41,444,171	\$ 7,426,806	\$ 48,870,977

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 2023 loan proceeds.
- (6) FASB reconciliation to add net change in pension.
- (7) FASB reconciliation to remove expense of lease principal payments.
- (8) Reconciliation to include amortization expense of right-to-use assets (the GASB calculation of \$7,762,387 (8a) was reduced by \$3,999,340 to conform with the accounting of the respective lessors).
- (9) FASB reconciliation to include depreciation expense related to interest capitalized under FASB.

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows - FASB
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Changes in fund balance	\$ 10,567,894
Adjustment to reconcile changes in fund balance to net cash provided by operating activities:	
Pension deferred outflows	(4,191,649)
Pension deferred inflows	(5,602,904)
Depreciation	1,208,615
Changes in operating assets and liabilities:	
Receivables	(627,296)
Due from related parties	(2,148,840)
Prepaid expenses	(638,683)
Intergovernmental payables - state	(3,050,998)
Accounts payable	324,818
Payroll deductions and withholdings	655,733
Deferred revenue	(86,475)
Due to related party	(4,730,775)
Deferred rent payable	53,587
Net pension liability	<u>10,141,899</u>
Net cash provided by operating activities	1,874,926

Cash Flows from Investing Activities:

Purchases of capital assets	(2,531,273)
-----------------------------	-------------

Cash Flows from Financing Activities:

Proceeds from notes payable	<u>1,270,231</u>
-----------------------------	------------------

Net Change in Cash

613,884

Cash:

Beginning of year	<u>26,867,735</u>
End of year	<u><u>\$ 27,481,619</u></u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Fund Balances - Governmental Funds
 For the Years Ended June 30
 (Modified Accrual Basis of Accounting)

	<u>2023</u>	<u>2022</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>
Governmental Funds:										
Unreserved	\$ 39,376,429	\$ 28,372,934	\$ 19,771,794	\$ 11,875,075	\$ 12,479,350	\$ 9,900,676	\$ 8,585,810	\$ 9,598,933	\$ 10,406,559	\$ 9,235,134
Reserved	-	572,624	-	-	(595,630)	-	-	-	-	-
Total Governmental Funds	<u>\$ 39,376,429</u>	<u>\$ 28,945,558</u>	<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>

TEAM ACADEMY CHARTER SCHOOL, INC.

Changes in Fund Balances - Governmental Funds
 For the Years Ended June 30
 (Modified Accrual Basis of Accounting)

	<u>2023</u>	<u>2022</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>
Revenues:										
State sources	\$ 114,326,766	\$ 98,299,372	\$ 87,949,363	\$ 77,814,386	\$ 72,356,909	\$ 61,680,371	\$ 58,714,071	\$ 50,082,359	\$ 43,607,004	\$ 35,608,502
Local tax levy	14,586,317	12,596,273	11,211,679	10,484,071	9,126,866	11,612,625	7,950,107	7,346,040	6,353,278	5,056,561
Federal sources	18,627,620	20,007,223	7,862,985	4,869,531	4,871,200	3,636,969	3,772,840	4,935,021	2,712,706	2,764,307
Financing	1,270,231	3,885,624	4,874,550	1,147,871	9,936,723	-	-	-	-	-
Philanthropic support	3,043,488	4,740,336	2,899,274	2,190,759	1,989,336	*	*	*	*	*
Miscellaneous	1,234,670	1,051,243	772,375	725,447	713,483	1,458,565	1,403,171	5,017,319	4,503,993	3,967,003
Total revenues	<u>153,089,092</u>	<u>140,580,071</u>	<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>
Expenditures:										
Instruction:										
Regular instruction	36,593,115	38,263,038	34,961,515	28,605,257	26,093,302	26,632,259	25,522,672	26,399,203	24,540,362	22,555,890
Support Services:										
General administration	41,844,170	32,896,220	33,476,886	31,111,660	24,004,333	23,335,481	23,325,550	26,702,668	21,096,232	14,318,294
Support services	41,521,573	36,638,205	25,849,664	26,017,292	27,026,737	26,618,855	24,476,838	14,487,896	9,309,491	8,009,883
TPAF Social Security and Pension	16,392,629	16,372,457	11,739,628	9,184,148	8,702,511	**	**	**	**	**
Lease principal payments	3,763,047	3,176,827	-	-	-	-	-	-	-	-
Capital outlay	2,531,273	4,059,560	1,645,814	2,017,231	11,014,967	1,450,679	766,194	598,598	1,059,471	208,709
Transfers	-	-	-	305,122	89,666	-	-	-	-	-
Total expenditures	<u>142,645,807</u>	<u>131,406,307</u>	<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>
Excess (deficit) of revenues over (under) expenditures	<u>10,443,285</u>	<u>9,173,764</u>	<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>
Net change in fund balances	<u>\$ 10,443,285</u>	<u>\$ 9,173,764</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	0.91%	3.05%	4.60%	1.21%	11.57%	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 Years Ended June 30

(Modified Accrual Basis of Accounting)

	<u>E-Rate</u>	<u>Private Grants</u>	<u>Other Local</u>	<u>Totals</u>
2014	\$ 80,161	\$ 249,507	\$ 228,650	\$ 558,318
2015	452,349	417,126	299,329	1,168,804
2016	1,049,171	-	663,448	1,712,619
2017	33,431	1,403,171	-	1,436,602
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
2022	481,981	569,262	-	1,051,243
2023	350,863	883,807	-	1,234,670

Source: Charter School Financial Statements

DEBT CAPACITY

TEAM ACADEMY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2023

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities	Total Charter School	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Mortgage Payable	Financing Leases	Note Payable	Financing Leases			
2023	\$ -	\$ -	\$ 164,102,114	\$ 21,114,999	\$ -	\$ 185,217,113	\$ 63,528,603	\$ 74,310
2022	\$ -	\$ -	\$ 128,685,147	\$ 4,354,542	\$ -	\$ 4,354,542	\$ 58,783,567	\$ 68,192

Source: Charter School Financial Statements

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

TEAM ACADEMY CHARTER SCHOOL, INC.

Demographic and Economic Statistics
For the Year Ended June 30, 2023

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2014	813,810	45,063,781	55,374	8.0%
2015	821,613	46,946,592	57,140	6.9%
2016	830,312	48,155,907	57,997	6.0%
2017	840,783	50,019,521	59,492	5.7%
2018	850,575	50,986,630	59,951	5.2%
2019	858,463	54,920,477	63,975	4.4%
2020	862,032	58,783,567	68,192	10.8%
2021	854,917	63,528,603	74,310	11.7%
2022	*	*	*	8.0%
2023	*	*	*	4.5%

Source:

^a Population information provided by the NJ Dept. of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Personal capital income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

* Data was not available at time of issuance.

TEAM ACADEMY CHARTER SCHOOL, INC.

Principal Employers

For the Year Ended June 30, 2023

<u>Employer</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
University of Medicine/Dentistry	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 of NJ	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 Years Ended June 30

<u>Function/Program</u>	<u>2023</u>	<u>2022</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>
Instruction:										
Regular	329	321	298	295	252	362	275	273	239	193
Special education	70	66	57	178	82	28	32	30	32	30
Vocational	4	4	5	9	8	-	-	-	-	-
Other instruction	33	33	23	16	20	-	-	-	-	-
Support Services:										
School administrative services	195	190	140	159	153	56	36	36	36	76
Student and instruction related services	163	159	134	56	49	35	39	39	39	38
Administrative information technology	11	11	5	9	11	5	-	-	-	-
Food service	-	-	1	1	1	1	-	-	-	-
Total	<u>805</u>	<u>784</u>	<u>663</u>	<u>723</u>	<u>576</u>	<u>487</u>	<u>382</u>	<u>378</u>	<u>346</u>	<u>337</u>

Source: School Personnel Records

TEAM ACADEMY CHARTER SCHOOL, INC.

Operating Statistics
For the 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				
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	3.99%	580	1:12	1:12	1:11	4,722	4,416	8.10%	93.52%
2021	5,336	98,012,395	18,368	-4.49%	580	1:12	1:12	1:11	4,722	4,416	8.10%	93.52%
2022	5,865	114,543,449	19,530	6.33%	424	1:17	1:17	1:13	5,577	4,796	18.11%	86.00%
2023	6,058	125,949,542	20,791	6.45%	436	1:14	1:19	1:12	6,058	5,210	8.62%	86.00%

Sources: School records

TEAM ACADEMY CHARTER SCHOOL, INC.

School Building Information
For the Years Ended June 30

District Building	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	549	522	574	555	557	562	560	561	548	520
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	446	447	464	448	446	435	431	434	409	402
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	445	451	458	449	448	433	453	450	424	405
KIPP Newark Collegiate Academy (HS #1)										
Square Feet	104,221	104,221	104,221	104,221	104,221	104,221	104,221	104,221	104,221	650,000
Capacity (students)	800	800	800	800	800	800	800	800	800	650
Enrollment	749	782	830	796	780	672	606	601	659	552
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	981	1,046	1,065	1,035	1,010	890	782	757	542	216
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	138,571
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	536	532	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	63,000	63,000	63,000	63,000
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	517	536	590	574	571	521	422	116		
KIPP Upper Roseville Academy (ES #5), KIPP Newark Community Prep (MS #4), Newark Purpose Academy (MS #6)										
Square Feet	133,462	133,462	133,462	133,462						
Capacity (students)	2,470	2,470	2,470	2,470						
Enrollment	938	290	235	118						
Newark Justice Academy (MS #5) and Newark Truth Academy (ES #6)										
Square Feet	133,462	133,462	63,885	63,885						
Capacity (students)	1,008	1,008	1,538	1,538						
Enrollment	421	222	467	207						
Newark Lab High School (HS #2)										
Square Feet	63,885	63,885								
Capacity (students)	560	560								
Enrollment	477	335								

Number of Schools at June 30, 2023

- Elementary = 6
- Middle School = 6
- High School = 2
- Other = 0

Source: School Office

TEAM ACADEMY CHARTER SCHOOL, INC.

Insurance Schedule
 June 30, 2023

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability:		
Commercial Property	\$ 229,848,834	\$ 5,000
General 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	-
Surety Bonds:		
Board Secretary/Business Administrator	252,540	-
Assistant Business Administrator	252,540	-

CHARTER SCHOOL PERFORMANCE

TEAM ACADEMY CHARTER SCHOOL, INC.

Sustainability Indicators
For the Year Ended June 30

	2023	2022	2021	2020	2019	2018 (As Restated)	2017	2016	2015	2014
Cash	\$ 27,481,619	\$ 26,867,735	\$ 17,630,029	\$ 14,582,782	\$ 12,636,819	\$ 11,360,080	\$ 8,772,722	\$ 9,666,716	\$ 6,657,716	\$ 8,024,620
Current Assets	48,731,154	44,702,451	31,955,733	19,355,281	19,712,570	17,124,286	5,652,358	13,090,817	12,549,197	13,075,614
Long-term Assets	15,896,195	11,704,546	12,295,695	8,275,723	8,996,508	12,295,695	*	*	*	*
Capital Assets, Net	23,630,620	22,296,405	18,532,628	17,795,521	17,027,270	5,631,908	4,479,854	3,984,574	2,910,970	2,259,365
Right-to-Use Lease Assets, Net	156,576,134	125,158,507	-	-	-	-	-	-	-	-
Total Assets	244,834,103	203,861,909	62,784,056	45,426,525	45,736,348	35,051,889	10,132,212	17,075,391	15,460,167	15,334,979
Current Liabilities	7,503,970	14,391,667	12,157,997	7,480,206	7,828,850	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480
Long-term Liabilities	50,498,132	44,688,906	42,859,618	33,737,289	33,027,962	-	*	*	*	*
Lease Liabilities	164,102,114	128,685,147	-	-	-	-	-	-	-	-
Total Liabilities	222,104,216	187,765,720	55,017,615	41,217,495	40,856,812	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480
Net Position	\$ 22,729,887	\$ 16,096,189	\$ 7,766,441	\$ 4,209,030	\$ 4,879,536	\$ 28,861,622	\$ 4,590,055	\$ 13,583,507	\$ 13,317,529	\$ 11,494,499
Total Revenue	\$ 133,492,288	\$ 122,329,021	\$ 107,364,729	\$ 98,943,862	\$ 92,566,192	\$ 82,606,764	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903	\$ 49,007,699
Total Expenses	(126,858,590)	(113,999,273)	(103,807,318)	(99,614,368)	(90,061,878)	(80,008,333)	(77,367,628)	(68,188,365)	(58,422,478)	(46,704,102)
Change in Net Position	\$ 6,633,698	\$ 8,329,748	\$ 3,557,411	\$ (670,506)	\$ 2,504,314	\$ 2,598,431	\$ (1,191,401)	\$ (807,626)	\$ 1,171,425	\$ 2,303,597
Depreciation	\$ 1,197,058	\$ 860,116	\$ 908,707	\$ 1,248,980	\$ 677,981	\$ 298,625	\$ 270,914	\$ 251,195	\$ 189,294	\$ 177,203
Final Average Daily Enrollment	6,058	5,865	5,336	4,740	4,368	4,073	3,702	3,249	2,807	2,073
March 30th Budgeted Enrollment	6,042	5,138	5,138	4,721	4,704	3,988	3,800	3,200	2,800	2,000
Near Term Indicators										
Current Ratios	6.49	3.11	2.63	2.59	2.52	2.77	1.02	3.75	5.86	3.40
Unrestricted Days in Cash	79.07	86.02	61.99	53.43	51.21	51.82	41.39	51.74	41.59	62.71
Enrollment Variance	100%	114%	104%	100%	93%	102%	97%	102%	100%	104%
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 Years Ended June 30

	2023	2022	2021	2020	2019	2018 (As Restated)	2017	2016	2015	2014
Cash	\$ 27,481,619	\$ 26,867,735	\$ 17,630,029	\$ 14,582,782	\$ 12,636,819	\$ 11,360,080	\$ 8,772,722	\$ 9,666,716	\$ 6,657,716	\$ 8,024,620
Current Assets	48,731,154	44,702,451	31,955,733	19,355,281	19,712,570	17,124,286	5,652,358	13,090,817	12,549,197	13,075,614
Long-term Assets	15,896,195	11,704,546	12,295,695	8,275,723	8,996,508	12,295,695	*	*	*	*
Capital Assets, Net	23,630,620	22,296,405	18,532,628	17,795,521	17,027,270	5,631,908	4,479,854	3,984,574	2,910,970	2,259,365
Right-to-Use Lease Assets, Net	156,576,134	125,158,507	-	-	-	-	-	-	-	-
Total Assets	244,834,103	203,861,909	62,784,056	45,426,525	45,736,348	35,051,889	10,132,212	17,075,391	15,460,167	15,334,979
Current Liabilities	7,503,970	14,391,667	12,157,997	7,480,206	7,828,850	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480
Long-term Liabilities	50,498,132	44,688,906	42,859,618	33,737,289	33,027,962	-	*	*	*	*
Lease Liabilities	164,102,114	128,685,147	-	-	-	-	-	-	-	-
Total Liabilities	222,104,216	187,765,720	55,017,615	41,217,495	40,856,812	6,190,267	5,542,157	3,491,884	2,142,638	3,840,480
Net Position	\$ 22,729,887	\$ 16,096,189	\$ 7,766,441	\$ 4,209,030	\$ 4,879,536	\$ 28,861,622	\$ 4,590,055	\$ 13,583,507	\$ 13,317,529	\$ 11,494,499
Total Revenue	\$ 133,492,288	\$ 122,329,021	\$ 107,364,729	\$ 98,943,862	\$ 92,566,192	\$ 82,606,764	\$ 76,176,227	\$ 67,380,739	\$ 59,593,903	\$ 49,007,699
Total Expenses	(126,858,590)	(113,999,273)	(103,807,318)	(99,614,368)	(90,061,878)	(80,008,333)	(77,367,628)	(68,188,365)	(58,422,478)	(46,704,102)
Change in Net Position	\$ 6,633,698	\$ 8,329,748	\$ 3,557,411	\$ (670,506)	\$ 2,504,314	\$ 2,598,431	\$ (1,191,401)	\$ (807,626)	\$ 1,171,425	\$ 2,303,597
Depreciation	\$ 1,197,058	\$ 860,116	\$ 908,707	\$ 1,248,980	\$ 677,981	\$ 298,625	\$ 270,914	\$ 251,195	\$ 189,294	\$ 177,203
Final Average Daily Enrollment	6,058	5,336	5,336	4,740	4,368	4,073	3,702	3,249	2,807	2,073
March 30th Budgeted Enrollment	6,042	5,138	5,138	4,721	4,704	3,988	3,800	3,200	2,800	2,000
Sustainability Indicators										
Total Margin	5.0%	6.8%	3.3%	-0.7%	2.7%	3.1%	-1.6%	-1.2%	2.0%	4.7%
Debt to Asset	0.91	0.92	0.88	0.91	0.89	0.18	0.55	0.20	0.14	0.25
Cash Flow	613,884	9,237,706	3,047,247	1,945,963	1,276,739	2,587,358	(893,994)	3,009,000	(1,366,904)	1,177,425
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, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2023.

Report on 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be significant deficiencies.

Report on 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 and State of New Jersey*.

The Charter School's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Charter School's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Charter School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

AAFCPA, Inc.

Westborough, Massachusetts
December 4, 2023

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

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

Opinion on 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 identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal and state program. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Charter School's Federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the New Jersey Department of the Treasury OMB's Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Charter School's compliance with the requirements of each major Federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey Department of the Treasury OMB's Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 4, 2023

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, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass Through Identification Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Cash Received	Total Budgetary Expenditures	Balance at June 30, 2023 Accounts Receivable
				From	To				
U.S. Department of Education:									
Passed-through New Jersey Department of Education:									
E.S.S.A.:									
Title I Grants to Local Educational Agencies	84.010	S010A180030	\$ 5,294,639	7/1/22	6/30/23	\$ 36,664	\$ 4,704,214	\$ 5,294,639	\$ 627,089
English Language Acquisition State Grants	84.365	S365A180030	\$ 37,386	7/1/22	6/30/23	-	37,386	37,386	-
COVID-19 - Education Stabilization Fund	84.425D	S425D210027	\$ 3,854,820	7/1/22	6/30/23	1,189,355	3,620,041	3,854,820	1,424,134
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	50,038	7/1/22	6/30/24	-	-	40,010	40,010
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	445,613	7/1/22	6/30/24	-	260,167	445,613	185,446
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	88,098	7/1/22	6/30/24	-	39,697	66,696	26,999
COVID-19 - Education Stabilization Fund	84.425U	S425U210027	24,840,402	7/1/22	6/30/24	5,470,352	11,433,686	6,936,765	973,431
Total AL No. 84.425			\$ 29,278,971			6,659,707	15,353,591	11,343,904	2,650,020
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A190100	\$ 1,462,176	7/1/22	6/30/23	353,953	1,235,690	1,462,176	580,439
COVID-19 - Special Education Preschool Grants	84.173	H173A180114	\$ -	7/1/21	6/30/22	13,962	13,962	-	-
Total Special Education Cluster (IDEA)						367,915	1,249,652	1,462,176	580,439
Passed-through KIPP Foundation:									
Supporting Effective Educator Development Program	84.423	U423A180059	\$ 50,526	7/1/22	6/30/23	50,526	-	-	50,526
Total Special Revenue Fund and U.S. Department of Education						7,114,812	21,344,843	18,138,105	3,908,074
U.S. Department of Agriculture:									
Passed-through New Jersey Department of Agriculture:									
Child Nutrition Cluster:									
Fresh Fruit and Vegetable Program	10.582	191NJ304L1603	\$ 98,449	7/1/22	6/30/23	58,746	125,704	98,449	31,491
National School Lunch Program	10.555	19NJ304N1099	\$ 3,362,296	7/1/22	6/30/23	799,432	3,398,362	3,362,296	763,366
School Breakfast Program	10.553	19NJ304N1099	\$ 1,348,522	7/1/22	6/30/23	190,993	1,343,533	1,348,522	195,982
Total Child Nutrition Cluster						1,049,171	4,867,599	4,809,267	990,839
Total Enterprise Fund and U.S. Department of Agriculture						1,049,171	4,867,599	4,809,267	990,839
U.S. Department of Health and Human Services:									
Passed-through New Jersey Department of Education:									
Medicaid Cluster:									
Medical Assistance Program	93.778	1905NJ5MAP	\$ 489,515	7/1/22	6/30/23	-	489,515	489,515	-
Total General Fund and U.S. Department of Health and Human Services						-	489,515	489,515	-
Total Expenditures of Federal Awards						\$ 8,163,983	\$ 26,701,957	\$ 23,436,887	\$ 4,898,913

See accompanying notes to Schedule of Expenditures of Federal Awards.

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2022	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2023
			From	To				
State Department of Education								
General Fund:								
Equalization Aid - State	22-495-034-5120-078	\$ 85,500,841	7/1/22	6/30/23	\$ 416,114	\$ 85,500,841	\$ 89,180,911	\$ 4,096,184
Equalization Aid - Local	22-495-034-5120-078	\$ 14,087,314	7/1/22	6/30/23	70,171	14,087,314	14,586,317	569,174
Special Education Categorical Aid	22-495-034-5120-089	\$ 4,197,879	7/1/22	6/30/23	-	4,197,879	4,197,879	-
Security Aid	22-495-034-5120-084	\$ 3,347,080	7/1/22	6/30/23	-	3,347,080	3,347,080	-
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	\$ 1,551,800	7/1/22	6/30/23	300,561	1,551,800	1,363,824	112,585
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	\$ 11,902,141	7/1/22	6/30/23	-	11,902,141	11,902,141	-
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	22-495-034-5094-001	\$ 3,126,664	7/1/22	6/30/23	-	3,126,664	3,126,664	-
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	22-495-034-5094-004	\$ 12,414	7/1/22	6/30/23	-	12,414	12,414	-
Extraordinary Aid	22-495-034-5120-044	\$ 296,242	7/1/22	6/30/23	338,987	309,780	296,242	325,449
Total General Fund					<u>1,125,833</u>	<u>124,035,913</u>	<u>128,013,472</u>	<u>5,103,392</u>
Special Revenue Fund:								
Charter School Project Emergent and Capital Maintenance Funds	Not Available	\$ 404,490	7/1/22	6/30/23	-	899,611	899,611	-
Enterprise Fund:								
State School Lunch	22-100-010-3350-023	\$ 99,038	7/1/22	6/30/23	33,431	99,038	103,965	38,358
Total State Financial Assistance					<u>\$ 1,159,264</u>	<u>\$ 124,134,951</u>	<u>129,017,048</u>	<u>\$ 5,141,750</u>
Less: On-Behalf TPAF Pension System Contributions								
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002						(11,902,141)	
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	22-495-034-5094-001						(3,126,664)	
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	22-495-034-5094-004						(12,414)	
Total for State Financial Assistance - Major Program Determination							<u>\$ 113,975,829</u>	

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2023

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	\$ 489,515	\$ 128,013,472	\$ 128,502,987
Special Revenue Fund	18,138,105	899,611	19,037,716
Food Service Fund	<u>4,809,267</u>	<u>103,965</u>	<u>4,913,232</u>
Total Awards and Financial Assistance	<u>\$ 23,436,887</u>	<u>\$ 129,017,048</u>	<u>\$ 152,453,935</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Year Ended June 30, 2023

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 \$1,363,824 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, 2023.

The amount reported as TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$15,041,219, represents the amount paid by the state on behalf of the Charter School for the fiscal year ended June 30, 2023.

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, 2023

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? X Yes 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>
Child Nutrition Cluster COVID-19 - Education Stabilization Fund	10.555/10.582 84.425

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, 2023

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)	\$3,870,511	
Auditee qualified as low-risk auditee:	X	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?	X	None Reported
Type of auditor's report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to reported in Accordance with NJ OMB Circular Letter 15-08?		X
Identification of major programs:		
<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>	
22-495-034-5120-078	Equalization Aid - State	
22-495-034-5120-078	Equalization Aid - Local	

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

2. FINANCIAL STATEMENT FINDINGS**Significant Deficiency*****Finding 2023-001: Capital Assets***

Criteria: The Charter School is required to maintain books and records that are properly reconciled to supporting documentation during the year and maintain its financial statements in accordance with Generally Accepted Accounting Standards and Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: The supporting schedule provided for capital outlay additions did not agree back to the trial balance accounts and ultimately impacted capital assets at the school-wide financial statement level.

For the year ended June 30, 2023, we noted that the ledger account for capital outlays was not properly reconciled to the subsidiary ledger, journal, or schedule. The accounts that were affected included capital outlay current year fund expenditures and capital assets at the school-wide financial statement level.

Context: Significant deficiency over financial reporting of capital assets.

Cause: The Charter School is not consistently reconciling its capital asset accounts to supporting schedules in a timely manner during their closing process.

Effect: Additional analysis was needed in order to properly reconcile capital assets. Additionally, the late audit adjustments provided caused significant inefficiencies during the audit process. Capital outlays, due to related party, and philanthropic support were misstated and required two journal entries during the audit process, which caused a total increase in changes in net position of approximately \$550,100 and an increase of capital assets of approximately \$969,000.

Was the finding a repeat of a finding in the immediately prior year?: No

Recommendation: Management should assess the accounting department's resources and capabilities to produce accurate and timely financial statements and ensure that the capital outlay additions are properly reconciled to the trial balance and supporting schedules in order to properly reflect capital assets at the school-wide financial statement level as of June 30, 2023. These improvements should help ensure completeness of the general ledger and the production of accurate internal financial statements and financial information.

Management Response: The capital assets under GASB standards needed to be recorded across various funds reflecting the nature of the transaction. The transactions were complex in nature and typically not recorded on entities which are beholden to GASB Fund Accounting Standards. Similar organizations segregate this type of complex financing activity to FASB special purpose entities due the arcane nature of the accounting required under GASB. Going forward, management will be utilizing their new general ledger to maintain books in both GASB and FASB, as well as adding more detailed documentation to their supporting schedules.

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

2. **FINANCIAL STATEMENT FINDINGS** (Continued)

Significant Deficiency

Finding 2023-002: GASB Fund Classification

Criteria: The Charter School is required to classify certain account balances in accordance with U.S. GAAP established by the GASB.

Condition: There were several instances where the account activity was not properly classified by fund as required under GASB.

Context: Significant deficiency over GASB fund classification.

Cause: The Charter School is not consistently reporting account activity within the proper funds throughout the fiscal year as required by GASB.

Effect: There were four audit adjustments and reclassifications needed at fiscal year-end in order to properly classify account balances within the correct respective funds. These instances caused significant inefficiencies in the audit process as a whole. The adjustments caused a total increase in changes in net position of approximately \$1,096,000.

Was the finding a repeat of a finding in the immediately prior year?: Yes, finding 2022-002.

Recommendation: Management should consider adopting a formal process to identify transactions with different accounting treatments to ensure the year-end financial statements are accurately reflected.

Management Response: The current general ledger system is not capable of reporting transactions in two different ways in order to comply with the different reporting requirements. In order to mitigate this issue, management has created supplemental schedules to support the creation of these reports. This requires the ongoing adjusting and reclassification of entries in our general ledger system. Transactions that were reclassified in the prior year caused the beginning fund balance to no longer tie to the GASB presentation of financial reports. Management implemented a new general ledger system effective July 1, 2023.

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, 2023

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. The following prior year finding was addressed:

Significant Deficiency***Finding 2022-001: Beginning Fund Balance and Timely Closing Procedures***

Condition: As a result of the fiscal year 2022 audit, we determined the beginning fund balance recorded in the unadjusted trial balance did not agree to the prior year's audited financial statements. Additionally, management provided a number of material audit adjustments to reconcile certain accounts after the final trial balance was provided.

Current Status

In fiscal year 2023, management properly reconciled beginning fund balance to the prior year audit and the number of client proposed adjustments were reduced and immaterial to the financial statements. This matter has been resolved.

Significant Deficiency***Finding 2022-001: GASB Fund Classification***

Condition: There were several instances where the account activity was not properly classified by fund as required under GASB.

Status: This finding is in process. See Finding 2023-002 relating to fund financial statement reporting and timely closing procedures.