

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF
TEAM ACADEMY CHARTER SCHOOL, INC.
FOR THE YEAR ENDED JUNE 30, 2024**

TEAM ACADEMY CHARTER SCHOOL, INC.

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N/A = Not Applicable

INTRODUCTORY SECTION

December 16, 2024

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") as of and for the fiscal year ended June 30, 2024, 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 2023-2024 school year, the Charter School had a student enrollment of 6,295.

- 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 2023-2024 school year, TEAM enrolled students from several school districts including: *City of Newark School District (resident district), Orange, East Orange, Hillside, Elizabeth City, Bloomfield, Linden, Plainfield, Bayonne, Middleton, Rahway, Roselle, Union, Belleville, Irvington, and so on.*

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

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

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

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

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

- 4) Internal Accounting Controls:** Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

During the 2023-2024 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, 2024:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Revenue - General Fund	\$ 14,875,666	8%
State Share - General Fund	114,182,066	64
State Aid - General Fund	16,256,082	9
Federal Aid - General Fund	395,314	-
Private Grants - General Fund	438,628	-
Interest income - General Fund	1,493,713	1
Other - General Fund	2,605,304	1
Enterprise Fund	6,299,857	4
Federal Aid - Special Revenue	17,711,763	10
State Aid - Special Revenue	1,034,652	1
Private Grants - Special Revenue	<u>2,115,872</u>	<u>2</u>
Total	<u>\$ 177,408,917</u>	<u>100%</u>

The following schedule presents a summary of the governmental funds and proprietary fund for the fiscal year ended June 30, 2024:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Current - General Fund	\$ 126,902,920	82%
Special Revenue Fund	20,862,287	13
Capital Projects Fund	107,639	-
Enterprise Fund	5,979,313	4
Debt Service Fund	<u>1,216,761</u>	<u>1</u>
Total	<u>\$ 155,068,920</u>	<u>100%</u>

- 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.

10) Other Information (Continued):

Independent Audit – (Continued)

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*".

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

The 2023-2024 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,

Signed by:

Steve Small
School Business Administrator

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2024**

<u>Members of Board of Trustees</u>	<u>Term Expires/Expired</u>
Tim Carden, Board President, Voting	10/2025
Karen Leach-Toomer, Trustee, Voting	8/2026
Tafshier Cosby, Trustee, Voting	6/2024
Ihsaan Brown, Trustee, Non-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	2/2027

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, 2024, 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, 2024, 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 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, 2024, 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 73 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 16, 2024, 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.

The image shows a handwritten signature in black ink that reads "AAFCPAs, Inc." in a cursive, stylized font.

Westborough, Massachusetts
December 16, 2024

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, 2024

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, 2024. 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 2024 fiscal year include the following:

- Net position of governmental activities ended fiscal years 2024 and 2023 with \$32,881,860 and \$20,314,799, respectively. Net position of business-type activities, which represent food service operations, ended fiscal years 2024 and 2023 with \$2,261,307 and \$2,415,088, respectively.
- General Fund revenues accounted for \$150,246,773 in revenue or 88 percent of total governmental fund revenues of \$171,109,060. Program specific revenues, in the form of charges for services, grants, and contributions in the special revenue fund, accounted for \$20,862,287 or 12 percent of total governmental fund revenues. Capital project fund and debt service fund revenue accounted for no revenue in fiscal year 2024.
- The Charter School had \$149,089,607 in expenses related to governmental activities; \$20,862,287 of these expenses is offset by operating and capital grants and contributions. General revenues (primarily State and local share) of \$150,246,773 helped to provide for the balance of these programs.
- The Governmental Fund reported a fund balance at June 30, 2024, of \$54,163,236, and a surplus of \$14,786,807 for the year ended June 30, 2024. The Governmental 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, 2024

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 2024?" The Statement 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, 2024

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,143,167 (see below) at the close of fiscal year 2024. The following table provides a summary of net position relating to the Charter School's governmental and business-type activities:

	2024		
	Governmental Activities	Business- Type Activities	Total
Assets and deferred outflows of resources:			
Current assets	\$ 62,095,439	\$ 2,766,428	\$ 64,861,867
Capital assets, net	23,543,878	416,531	23,960,409
Right-to-use lease assets, net	148,717,483	-	148,717,483
Deferred outflows of resources	31,866,383	-	31,866,383
Total assets and deferred outflows of resources	<u>\$ 266,223,183</u>	<u>\$ 3,182,959</u>	<u>\$ 269,406,142</u>
Liabilities and deferred inflows of resources:			
Current liabilities	\$ 7,932,203	\$ 921,652	\$ 8,853,855
Long-term liabilities	61,769,732	-	61,769,732
Lease liabilities	160,728,988	-	160,728,988
Deferred inflows of resources	2,910,400	-	2,910,400
Total liabilities and deferred inflows of resources	<u>\$ 233,341,323</u>	<u>\$ 921,652</u>	<u>\$ 234,262,975</u>
Net position:			
Invested in capital assets, net of related debt	\$ (5,248,781)	\$ 416,531	\$ (4,832,250)
Restricted	58,516	-	58,516
Unrestricted	38,072,125	1,844,776	39,916,901
Total net position	<u>\$ 32,881,860</u>	<u>\$ 2,261,307</u>	<u>\$ 35,143,167</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, 2024

THE CHARTER SCHOOL AS A WHOLE (Continued)

The total net position of the Charter School increased by \$12,413,280 during the current fiscal year ended June 30, 2024.

The table that follows reflects the change in fund balance for fiscal year 2024.

	Governmental Activities	2024 Business- Type Activities	Total
Revenues:			
Program revenues:			
Charge for services	\$ -	\$ 111,222	\$ 111,222
Operating grants and contributions	19,817,633	-	19,817,633
Capital grants and contributions	1,044,654	-	1,044,654
Total program revenues	20,862,287	111,222	20,973,509
General revenues:			
Local aid	14,875,666	-	14,875,666
Federal and state aid	130,833,462	6,188,635	137,022,097
Interest income	1,493,713	-	1,493,713
Miscellaneous	3,043,932	-	3,043,932
Total general revenues	150,246,773	6,188,635	156,435,408
Total revenues	171,109,060	6,299,857	177,408,917
Expenses:			
Instruction	42,789,536	-	42,789,536
Administrative and support services	104,749,644	-	104,749,644
Capital outlay	1,550,427	-	1,550,427
Food service	-	5,979,313	5,979,313
Total expenses	149,089,607	5,979,313	155,068,920
Change in fund balance before transfers and other financing sources (uses)	\$ 22,019,453	\$ 320,544	\$ 22,339,997

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, 2024.

	Total Cost of Services	Net Cost of Services
Instruction	\$ 42,789,536	\$ 39,797,198
Administrative and support services	104,792,055	87,924,349
Capital outlay	1,550,427	505,773
Total expenses	\$ 149,089,607	\$ 128,227,320

TEAM ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

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 \$6,299,857, operating expenses of \$5,979,313, and transfer to general fund of \$474,325 for fiscal year 2024. The Charter School intended to have food services be self-operating without assistance from the General Fund. Food service recorded a deficit of \$153,781, after transfers for the fiscal year 2024.

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 \$171,109,060 and expenditures of \$149,089,607. The positive change in fund balance for the year was \$22,019,453. After other net financing uses of \$7,232,646, the positive change in fund balance was part of the net increase in the accumulated fund balance of \$54,163,236, which increased by \$14,786,807.

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 2024, 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 \$135,220,115. Expenditures and other financing uses were budgeted at \$137,199,903. The Charter School anticipated a budgeted fund balance deficit of \$1,979,788 in its 2023-2024 budget year.

The State of New Jersey reimbursed the Charter School \$1,978,910 during the year ended June 30, 2024, for the employer's share of Social Security contributions for TPAF members. The State also paid \$14,277,172 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 2024, the Charter School had \$23,543,878 invested in net capital assets in its governmental activities and \$416,531 invested in net capital assets in its business-type activities.

The Charter School's 2024-2025 budget anticipates additional spending on capital projects in line with its expansion plans.

LONG-TERM DEBT

At June 30, 2024, the Charter School had \$16,781,154 in long-term debt. The Charter School had \$44,988,578 at June 30, 2024, in net pension liability regarding the Public Employees Retirement System. At June 30, 2024, the Charter School had \$160,728,988 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, 2024

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 2024-2025. 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, 2024.

SCHOOL-WIDE FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position
As of June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 31,598,122	\$ 1,786,348	\$ 33,384,470
Investments	14,452,160	-	14,452,160
Receivables, net	12,555,683	980,080	13,535,763
Due from related parties	2,576,654	-	2,576,654
Prepaid expenses	912,820	-	912,820
Capital assets, net	23,543,878	416,531	23,960,409
Right-to-use lease assets, net	148,717,483	-	148,717,483
Total assets	234,356,800	3,182,959	237,539,759
Deferred Outflows of Resources:			
Pension deferred outflows	31,866,383	-	31,866,383
Total assets and deferred outflows of resources	<u>\$ 266,223,183</u>	<u>\$ 3,182,959</u>	<u>\$ 269,406,142</u>
Liabilities:			
Intergovernmental payables - state	\$ 1,610,305	\$ -	\$ 1,610,305
Accounts payable and accrued expenses	2,642,056	921,652	3,563,708
Payroll deductions and withholdings	860,090	-	860,090
Deferred revenue	865,502	-	865,502
Due to related party	1,954,250	-	1,954,250
Notes payable	16,781,154	-	16,781,154
Net pension liability	44,988,578	-	44,988,578
Lease liabilities	160,728,988	-	160,728,988
Total liabilities	230,430,923	921,652	231,352,575
Deferred Inflows of Resources:			
Pension deferred inflows	2,910,400	-	2,910,400
Total liabilities and deferred inflows of resources	<u>233,341,323</u>	<u>921,652</u>	<u>234,262,975</u>
Net Position:			
Invested in capital assets, net of capital debt	(5,248,781)	416,531	(4,832,250)
Restricted for capital projects	58,516	-	58,516
Unrestricted	38,072,125	1,844,776	39,916,901
Total net position	<u>32,881,860</u>	<u>2,261,307</u>	<u>35,143,167</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 266,223,183</u>	<u>\$ 3,182,959</u>	<u>\$ 269,406,142</u>
Fund Balance, June 30, 2024 - B-1	\$ 54,163,236		
Cost of capital assets, net of accumulated depreciation	23,543,878		
Cost of right-to-use lease assets, net of accumulated amortization	148,717,483		
Principal balance of notes payable	(16,781,154)		
Principal balance of lease liabilities	(160,728,988)		
Net position before pension adjustments	48,914,455		
Less - pension, net (deficit)	(16,032,595)		
Total net position, June 30, 2024	<u>\$ 32,881,860</u>		

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Activities
For the Year Ended June 30, 2024

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	\$ 42,789,536	\$ -	\$ 2,992,338	\$ -	\$ 39,797,198	\$ -	\$ 39,797,198
Support services:							
General administration	45,314,090	-	-	-	45,314,090	-	45,314,090
Support services	43,179,472	-	16,825,295	-	26,354,177	-	26,354,177
TPAF Social Security (Reimbursed)	1,978,910	-	-	-	1,978,910	-	1,978,910
TPAF Medical (On-Behalf - Non-Budgeted)	3,052,073	-	-	-	3,052,073	-	3,052,073
TPAF Long-term Disability Insurance (On-Behalf - Non-Budgeted)	10,979	-	-	-	10,979	-	10,979
TPAF Pension (On-Behalf - Non-Budgeted)	11,214,120	-	-	-	11,214,120	-	11,214,120
Capital outlay	1,550,427	-	-	1,044,654	505,773	-	505,773
Total governmental activities	<u>149,089,607</u>	<u>-</u>	<u>19,817,633</u>	<u>1,044,654</u>	<u>128,227,320</u>	<u>-</u>	<u>128,227,320</u>
Business-type activities:							
Food Service	5,979,313	111,222	-	-	-	5,868,091	5,868,091
Total business-type activities	<u>5,979,313</u>	<u>111,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,868,091</u>	<u>5,868,091</u>
Total primary government	<u>\$ 155,068,920</u>	<u>\$ 111,222</u>	<u>\$ 19,817,633</u>	<u>\$ 1,044,654</u>	<u>128,227,320</u>	<u>5,868,091</u>	<u>134,095,411</u>
General revenues:							
Local share					14,875,666	-	14,875,666
State share					114,182,066	137,325	114,319,391
State aid - TPAF					16,256,082	-	16,256,082
Federal aid					395,314	6,051,310	6,446,624
Interest income					1,493,713	-	1,493,713
Miscellaneous					2,605,304	-	2,605,304
Philanthropic support					438,628	-	438,628
Total general revenues					<u>150,246,773</u>	<u>6,188,635</u>	<u>156,435,408</u>
Excess of revenues over expenditures					22,019,453	320,544	22,339,997
Other financing uses and transfers					<u>(7,232,646)</u>	<u>(474,325)</u>	<u>(7,706,971)</u>
Net increase (decrease) in fund balance					14,786,807	(153,781)	14,633,026
Increase in net capital outlay					477,591	-	477,591
Increase in note payable					(166,155)	-	(166,155)
Decrease in note payable					4,500,000	-	4,500,000
Excess amortization expense over principal payments on leases					(4,485,525)	-	(4,485,525)
Decrease in pension deficit (A-1 Net Position)					<u>(2,545,657)</u>	<u>-</u>	<u>(2,545,657)</u>
Change in net position					12,567,061	(153,781)	12,413,280
Net Position - beginning July 1, 2023					<u>20,314,799</u>	<u>2,415,088</u>	<u>22,729,887</u>
Net Position - ending June 30, 2024					<u>\$ 32,881,860</u>	<u>\$ 2,261,307</u>	<u>\$ 35,143,167</u>

The accompanying notes are an integral part of these statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TEAM ACADEMY CHARTER SCHOOL, INC.

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 31,464,889	\$ -	\$ 133,233	\$ -	\$ 31,598,122
Investments	14,452,160	-	-	-	14,452,160
Due from (to) funds	9,028,410	(9,028,410)	-	-	-
Receivables:					
State, net	3,116,499	-	-	-	3,116,499
Federal	-	8,531,470	-	-	8,531,470
Other	421,664	486,050	-	-	907,714
Due from related parties	1,470,091	1,106,563	-	-	2,576,654
Prepaid expenses	912,820	-	-	-	912,820
Total assets	\$ 60,866,533	\$ 1,095,673	\$ 133,233	\$ -	\$ 62,095,439
Liabilities and Fund Balances:					
Liabilities:					
Intergovernmental payables - state	\$ 1,610,305	\$ -	\$ -	\$ -	\$ 1,610,305
Accounts payable and accrued expenses	2,337,168	230,171	74,717	-	2,642,056
Payroll deductions and withholdings payable	860,090	-	-	-	860,090
Deferred revenue	-	865,502	-	-	865,502
Due to related parties	1,954,250	-	-	-	1,954,250
Total liabilities	6,761,813	1,095,673	74,717	-	7,932,203
Fund Balances:					
Unassigned	53,191,900	-	-	-	53,191,900
Restricted	-	-	58,516	-	58,516
Nonspendable	912,820	-	-	-	912,820
Total fund balances	54,104,720	-	58,516	-	54,163,236
Total liabilities and fund balances	\$ 60,866,533	\$ 1,095,673	\$ 133,233	\$ -	\$ 62,095,439

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 \$30,983,695 and the accumulated depreciation is \$7,439,817 (see Note 4).	\$ 23,543,878
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).	31,866,383
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).	(2,910,400)
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).	(61,769,732)
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 \$22,324,505 (see Note 4).	148,717,483
Lease liabilities used in governmental activities are not financial resources and therefore are not reported in the funds (see Note 5).	(160,728,988)
Net position of governmental activities	\$ 32,881,860

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local share	\$ 14,875,666	\$ -	\$ -	\$ -	\$ 14,875,666
State share	114,182,066	-	-	-	114,182,066
Philanthropic support	438,628	2,115,872	-	-	2,554,500
Interest income	1,493,713	-	-	-	1,493,713
Miscellaneous	2,605,304	-	-	-	2,605,304
Total - local sources	133,595,377	2,115,872	-	-	135,711,249
Federal sources	395,314	17,711,763	-	-	18,107,077
State sources	-	1,034,652	-	-	1,034,652
State sources - TPAF	16,256,082	-	-	-	16,256,082
Total revenues	150,246,773	20,862,287	-	-	171,109,060
Expenditures:					
Current:					
Instruction	39,797,198	2,992,338	-	-	42,789,536
Administrative	44,097,329	-	-	1,216,761	45,314,090
Support services	26,354,177	16,825,295	-	-	43,179,472
TPAF Social Security (Reimbursed)	1,978,910	-	-	-	1,978,910
TPAF Medical (On-Behalf - Non-Budgeted)	3,052,073	-	-	-	3,052,073
TPAF Post Long-term Disability Insurance (On-Behalf - Non-Budgeted)	10,979	-	-	-	10,979
TPAF Pension (On-Behalf - Non-Budgeted)	11,214,120	-	-	-	11,214,120
Capital outlay	398,134	1,044,654	107,639	-	1,550,427
Total expenditures	126,902,920	20,862,287	107,639	1,216,761	149,089,607
Excess (deficiency) of revenues over expenditures	23,343,853	-	(107,639)	(1,216,761)	22,019,453
Other Financing Sources (Uses):					
Issuance of note payable	-	-	166,155	-	166,155
Repayment of note payable	(4,500,000)	-	-	-	(4,500,000)
Lease principal payments	(3,373,126)	-	-	-	(3,373,126)
Transfers between funds	(742,436)	-	-	1,216,761	474,325
Total other financing sources (uses)	(8,615,562)	-	166,155	1,216,761	(7,232,646)
Net change in fund balances	14,728,291	-	58,516	-	14,786,807
Fund Balance - July 1, 2023	39,376,429	-	-	-	39,376,429
Fund Balance - June 30, 2024	\$ 54,104,720	\$ -	\$ 58,516	\$ -	\$ 54,163,236

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, 2024

Total net change in fund balances - governmental funds (from B-2) **\$ 14,786,807**

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	\$ (1,072,836)	
Capital outlays	<u>1,550,427</u>	477,591

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.

(2,545,657)

Note payable increase (decrease) liabilities in the statement of net position, but are included in the government funds as other financing sources.

Issuance of note payable	(166,155)	
Repayment of note payable	<u>4,500,000</u>	4,333,845

Current year amortization of the right-to-use assets, allocated over the term of the leases.

(7,858,651)

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.

3,373,126

Change in net position of governmental activities

\$ 12,567,061

PROPRIETARY FUNDS

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Net Position
 Proprietary Funds
 As of June 30, 2024

	<u>Business-type Activities - Enterprise Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,786,348
Accounts receivable - Federal Aid	958,398
Accounts receivable - State Aid	<u>21,682</u>
Total current assets	2,766,428
Capital assets	<u>416,531</u>
Total assets	<u><u>\$ 3,182,959</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 921,652
Net Position:	
Unrestricted	<u>2,261,307</u>
Total liabilities and net position	<u><u>\$ 3,182,959</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, 2024

	<u>Business-type Activities - Enterprise Fund</u>
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 106,786
Miscellaneous income	<u>4,436</u>
Total operating revenues	111,222
Operating Expenses:	
Cost of sales - reimbursable programs	<u>5,979,313</u>
Operating loss	<u>(5,868,091)</u>
Non-operating Revenues:	
State sources:	
State school lunch program	137,325
Federal sources:	
National school lunch program	4,217,399
School breakfast program	1,722,051
Fresh fruit and vegetable program	<u>111,860</u>
Total non-operating revenues	<u>6,188,635</u>
Income before transfers	320,544
Transfers to General Fund	<u>(474,325)</u>
Changes in net position	(153,781)
Total Net Position - beginning	<u>2,415,088</u>
Total Net Position - ending	<u><u>\$ 2,261,307</u></u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2024

	<u>Business-Type Activities - Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 124,802
Payments to suppliers	<u>(5,474,192)</u>
Net cash used in operating activities	<u>(5,349,390)</u>
Cash Flows from Noncapital Financing Activities:	
Receipts from state and Federal sources	6,237,752
Transfers	<u>(474,325)</u>
Net cash provided by noncapital financing activities	<u>5,763,427</u>
Net increase in cash and cash equivalents	414,037
Cash and Cash Equivalents Balance - beginning of year	<u>1,372,311</u>
Cash and Cash Equivalents Balance - end of year	<u><u>\$ 1,786,348</u></u>
Reconciliation of Loss to Net Cash Used for Operating Activities:	
Operating loss	\$ (5,868,091)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	147,802
Changes in operating assets and liabilities:	
Increase in other accounts receivable	13,580
Increase in accounts payable	921,652
Decrease in due to funds	<u>(564,333)</u>
Net cash used in operating activities	<u><u>\$ (5,349,390)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

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

As required by the 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.

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, 2024, 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 financing uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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.

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.

Investments

The Charter School's investments (see Note 3) consisted of \$14,447,492 of U.S. Government obligations and \$4,668 of cash that are presented in the financial statements at fair value. U.S. Government obligations have an active market with quoted prices and, as a result, the market price of identical securities (Level 1 inputs) is used to determine fair value.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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.

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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and Equity (Continued)

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.
5. Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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

Capital Assets

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

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

<u>Description of Capital Cost</u>	<u>Estimated Useful Lives</u>
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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

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, 2024.

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.

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

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

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

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

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

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

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

3. DEPOSITS AND INVESTMENTS (Continued)**Deposits (Continued)**

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2024, the Charter School's carrying amount of deposits and investments are as follows:

	<u>School-Wide Financial Statements</u>	<u>Agency Funds</u>	<u>Total</u>
Cash Balance	<u>\$ 33,384,470</u>	<u>\$ -</u>	<u>\$ 33,384,470</u>

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2024, the Charter School's bank balance was \$34,279,832. Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2024, was secured by Federal deposit insurance and \$34,029,832 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey GUDPA.

Reconciliation to the financial statements:

Total cash balance covered by collateral pool	\$ 34,029,832
Plus - insured amount	250,000
Plus - deposits in transit	390,694
Less - outstanding checks and other	(1,300,805)
Plus - petty cash held by the Charter School	<u>14,749</u>
Total cash per school-wide financial statements	<u>\$ 33,384,470</u>

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

Category 1

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

Category 2

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

Category 3

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

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

3. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

Statutes authorize the Charter School to invest in U.S. Treasury bills, U.S. government agency bonds, time or share accounts, or institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, or in certificates of deposit when they are secured by proper bond and/or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds.

Assets of the Charter School for which values are determined on a recurring basis as of June 30, 2024, are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 4,668	\$ -	\$ -	\$ 4,668
U.S. Treasury Bills	<u>14,447,492</u>	<u>-</u>	<u>-</u>	<u>14,447,492</u>
	<u>\$ 14,452,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,452,160</u>

There were no transfers between levels of the fair value hierarchy during the year ended June 30, 2024.

The Charter School earned approximately \$462,000 of investment income for the fiscal year ended June 30, 2024, which is included in interest income in the accompanying statement of revenues, expenditures and changes in fund balances.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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

The following schedule is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2024:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2023</u>	<u>Additions</u>	<u>Ending Balance June 30, 2024</u>
Capital assets, not being depreciated:			
Land	\$ 475,900	\$ -	\$ 475,900
Construction in progress - building improvement	-	8,360	8,360
Construction in progress - leasehold improvement	-	139,731	139,731
Total capital assets not being depreciated	<u>475,900</u>	<u>148,091</u>	<u>623,991</u>
Capital assets, being depreciated:			
Building	5,594,000	-	5,594,000
Building improvements	8,578,315	329,924	8,908,239
Leasehold improvements	12,212,716	1,072,412	13,285,128
Equipment, furniture and fixtures	2,572,337	-	2,572,337
Total capital assets being depreciated	<u>28,957,368</u>	<u>1,402,336</u>	<u>30,359,704</u>
Less - accumulated depreciated:			
Building and building improvements	1,122,505	357,657	1,480,162
Leasehold improvements	3,251,410	556,397	3,807,807
Equipment, furniture and fixtures	1,993,066	158,782	2,151,848
Total accumulated depreciation	<u>6,366,981</u>	<u>1,072,836</u>	<u>7,439,817</u>
Total capital assets being depreciated, net	<u>22,590,387</u>	<u>329,500</u>	<u>22,919,887</u>
Total capital assets, net	<u>\$ 23,066,287</u>	<u>\$ 447,591</u>	<u>\$ 23,543,878</u>

Depreciation expense of \$1,072,836 was charged to an unallocated function.

The following schedule is a summarization of the business-type activities changes in capital assets for the year ended June 30, 2024:

<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2023</u>	<u>Net Additions</u>	<u>Ending Balance June 30, 2024</u>
Equipment, furniture and fixtures	\$ 564,333	\$ -	\$ 564,333
Less - accumulated depreciated	-	147,802	147,802
Total capital assets, net	<u>\$ 564,333</u>	<u>\$ (147,802)</u>	<u>\$ 416,531</u>

Depreciation expense of \$147,802 was charged to the proprietary fund.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

4. CAPITAL ASSETS AND RIGHT-TO-USE LEASE ASSETS (Continued)

Changes in right-to-use lease assets are as follows at June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Ending Balance June 30, 2024
Right-to-use lease assets:			
Buildings and related parking and field	\$ 171,041,988	\$ -	\$ 171,041,988
Less - accumulated depreciation	<u>14,465,854</u>	<u>7,858,651</u>	<u>22,324,505</u>
Right-to-use lease assets, net	<u>\$ 156,576,134</u>	<u>\$ (7,858,651)</u>	<u>\$ 148,717,483</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 \$816,000 during the year ended June 30, 2024. These leases expire on various dates through June 2056. Interest expense on the leases was \$6,053,268 for the year ended June 30, 2024, which is reflected as lease interest payments expense in the accompanying financial statements. The net present value of the lease liabilities was \$160,728,988 as of June 30, 2024, 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 \$3,373,126 for the fiscal year ended June 30, 2024.

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

Fiscal Year	Principal	Interest	Amortization
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	5,967,832	5,259,471	7,858,652
2030 - 2034	32,541,703	23,162,145	37,267,229
2035 - 2039	26,612,102	17,934,522	26,650,390
2040 - 2044	36,738,813	12,859,329	26,624,588
2045 - 2049	22,643,112	7,531,158	10,795,723
2050 - 2054	11,747,437	3,430,311	5,775,924
2055 - 2057	<u>5,579,433</u>	<u>353,498</u>	<u>2,310,369</u>
Total	<u>\$ 160,728,988</u>	<u>\$ 93,183,697</u>	<u>\$ 148,717,483</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 37) 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, 2024

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 \$15,433,864 to the Charter School for the year ended June 30, 2024. 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 \$1,150,990 in grants from KTAF for the year ended June 30, 2024.

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 \$630,295 in grants from Kingston for the year ended June 30, 2024.

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 \$155,912,575 as of June 30, 2024 (see Note 5), which is included in lease liabilities in the accompanying statement of net position.

Due from related parties consists of the following as of June 30, 2024:

KTAF - operating advances	\$ 1,194,879
KTAF - grants	738,960
Kingston - grants	630,295
KIPP Miami	11,838
FOT - operating advances (Maple Ave)	682
	<u>\$ 2,576,654</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

6. RELATED PARTY TRANSACTIONS (Continued)

Due to related parties consists of the following as of June 30, 2024:

KTAF - operating advances	\$ 1,912,704
KIPP Miami	<u>41,546</u>
	<u>\$ 1,954,250</u>

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 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after twenty-five years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

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.

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, 2024, was \$4,151,267.

In accordance with N.J.S.A 18A:66-66, the State reimbursed the Charter School \$1,978,910 for the year ended June 30, 2024, for the employer's share of Social Security contributions for TPAF members, as calculated on their base salaries. Also, the State paid \$14,277,172 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 \$146,545,289 as measured on June 30, 2023, and \$140,844,354 as measured on June 30, 2022.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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, 2024, the Charter School's pension expense of \$3,600,194 and revenue of \$3,600,194 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, 2024, is based upon changes in the collective net pension liability with a measurement period of June 30, 2022 through June 30, 2023. 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, 2022 and June 30, 2023.

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, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 2,413,548,676	\$ 4,885,289,911
Collective deferred inflows of resources	\$ 14,741,373,312	\$ 19,563,805,393
Collective net pension liability (Non-employer - State of New Jersey)	\$ 51,032,669,551	\$ 51,594,415,806
State's portion of the net pension liability that was associated with the Charter School	\$ 146,545,289	\$ 140,844,354
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.287160%	.272984%

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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	2.75% - 4.25% based on years of service
Investment Rate of Return	7%

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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, 2022 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, 2023) 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, 2023, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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, 2023.

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-tpaf24.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, 2024

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, 2024, the Charter School reported a liability of \$44,988,578 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2023. At June 30, 2023, the Charter School's proportion was .310601%, which was an increase of .142189% from its proportion measured as of June 30, 2022, which was .168412%.

For the year ended June 30, 2024, the Charter School recognized pension expense of \$8,743,412. At June 30, 2024, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 430,149	\$ 183,899
Changes of assumptions	98,831	2,726,501
Net difference between projected and actual earnings on pension plan investments	207,178	-
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	26,978,958	-
Charter School contributions subsequent to the measurement date	<u>4,151,267</u>	<u>-</u>
Total	<u>\$ 31,866,383</u>	<u>\$ 2,910,400</u>

The \$4,151,267 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, 2024, the plan measurement date was June 30, 2023) will be recognized as a reduction of the net pension liability measured as of June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2024	\$ (2,375,229)
2025	(1,325,761)
2026	1,852,663
2027	(331,554)
2028	<u>5,639</u>
Total	<u>\$ (2,174,242)</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	\$ 1,780,216,457	\$ 3,236,303,935
Collective net pension liability (Non-State - Local Group)	\$ 14,606,489,066	\$ 15,219,184,920
Charter School's proportion of net pension liability	44,988,578	25,415,639
Charter School's proportion percentage	.310601	.168412

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary increases	2.75% - 6.55% 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, 2022 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, 2023) 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, 2024

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, 2023, are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-US Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2023, 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:

	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School's proportionate share of the net pension liability	<u>\$ 59,059,311</u>	<u>\$ 44,988,578</u>	<u>\$ 33,714,640</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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)

	1% Decrease (6.00%)	2022 Current Discount Rate (7.00%)	1% Increase (8.00%)
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>

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.

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, 2024

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The total OPEB liability for the June 30, 2022 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.

	TPAF	PERS	PFRS
Salary increases:	2.75% - 4.25% based on service years	2.75% - 6.55% based on service years	3.25% - 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, 2022 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 6.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026, and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. 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.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

9. POST-RETIREMENT BENEFITS (Continued)
Other Postemployment Benefit Plan (OPEB) (Continued)
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, 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>
Changes recognized for the fiscal year:		
Service cost	6,380,099	2,136,235,476
Interest on total OPEB liability	1,519,276	1,844,113,951
Effect of differences between expected and actual experience	1,088,632	(980,424,863)
Effect of changes of assumptions	86,949	105,539,463
Contributions from the members	38,934	47,258,104
Contributions from the employer	<u>(1,184,300)</u>	<u>(1,437,516,858)</u>
Net changes	<u>7,929,590</u>	<u>1,715,205,273</u>
Balance at June 30, 2023, measurement date	<u>\$ 43,138,237</u>	<u>\$ 52,361,668,239</u>

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

The following presents the total nonemployer OPEB liability as of June 30, 2023, 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:

	2023		
	1% Decrease (2.65%)	At Discount Rate (3.65%)	1% Increase (4.65%)
Charter School's proportionate share of the net OPEB liability	<u>\$ 50,572,177</u>	<u>\$ 43,138,237</u>	<u>\$ 37,169,646</u>
Total OPEB liability	<u>\$ 61,385,066,712</u>	<u>\$ 52,361,668,239</u>	<u>\$ 45,116,926,835</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

9. POST-RETIREMENT BENEFITS (Continued)

Other Postemployment Benefit Plan (OPEB) (Continued)

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

	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

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, 2023, calculated using the healthcare trend rate as disclosed on page 49 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:

	2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Charter School's proportionate share of the net OPEB liability	\$ 35,811,387	\$ 43,138,237	\$ 52,725,439
Total OPEB liability	\$ 43,468,257,358	\$ 52,361,668,239	\$ 63,998,719,320

	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

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

For the fiscal year ended June 30, 2024, the Charter School recognized OPEB expense and related revenue of \$8,833,457 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 \$52,361,668,239. Of this amount, the total OPEB liability attributable to the Charter School was \$43,138,237. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the Charter School of 0.0824%.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

9. POST-RETIREMENT BENEFITS (Continued)**Other Postemployment Benefit Plan (OPEB) (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** (Continued)

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, 2023, 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	\$ 7,639,717,639	\$ (13,791,541,217)
Changes of assumptions	7,445,895,322	(14,449,948,556)
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>\$ 15,085,612,961</u>	<u>\$ (28,241,489,773)</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>	
2024	\$ (2,611,225,301)
2025	(2,611,225,301)
2026	(2,269,523,460)
2027	(1,338,024,839)
2028	(273,877,609)
Thereafter	<u>(4,052,000,302)</u>
Total	<u>\$ (13,155,876,812)</u>

10. DEFERRED COMPENSATION

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

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

11. ECONOMIC DEPENDENCY

The Charter School receives approximately 94% 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, 2024, 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, 2024, 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	\$ 4,268,350	\$ 9,017,520	\$ 980,080	\$ 14,265,950
Less - allowance for doubtful accounts	<u>(730,187)</u>	<u>-</u>	<u>-</u>	<u>(730,187)</u>
Receivables, net	<u>\$ 3,538,163</u>	<u>\$ 9,017,520</u>	<u>\$ 980,080</u>	<u>\$ 13,535,763</u>

As of June 30, 2024, approximately 93% of the Charter School's school-wide receivables were due from the State of New Jersey.

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Basic Financial Statements
June 30, 2024

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, 2024. Interest expense totaled \$620,585 for the year ended June 30, 2024.

The Charter School had 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 5.06%. The interest rate was 9.21% and 7.95% as of June 30, 2024 and 2023, respectively. Quarterly interest-only payments beginning in July 2021 were due through April 2024 (maturity), at which time all unpaid principal and accrued interest were due. This note was unsecured. The outstanding principal balance of \$4,500,000 was repaid during fiscal year 2024. Interest expense totaled \$332,695 for the year ended June 30, 2024.

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 \$5,322,010 as of June 30, 2024. Interest expense totaled \$263,481 for the year ended June 30, 2024.

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.

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, 2024	\$ 54,163,236
Cost of capital assets, net of accumulated depreciation	23,543,878
Long-term liabilities - notes payable	(16,781,154)
Right-to-use assets, net of accumulated amortization	148,717,483
Lease liabilities	(160,728,988)
Pension deferred outflows	31,866,383
Pension deferred inflows	(2,910,400)
Deferred pension liability	<u>(44,988,578)</u>
Net position (per A-1) as of June 30, 2024	<u>\$ 32,881,860</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, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local share	\$ 16,179,776	\$ -	\$ 16,179,776	\$ 14,875,666	\$ 1,304,110
State share	113,839,867	-	113,839,867	114,182,066	(342,199)
Philanthropic support	-	-	-	438,628	(438,628)
Interest income	-	-	-	1,493,713	(1,493,713)
Miscellaneous	1,754,478	-	1,754,478	2,605,304	(850,826)
Total - Local Sources	131,774,121	-	131,774,121	133,595,377	(1,821,256)
Federal Sources:					
SEMI grant	270,678	-	270,678	395,314	(124,636)
State Sources:					
Categorical Aid:					
TPAF Social Security (Reimbursed)	3,175,316	-	3,175,316	1,978,910	1,196,406
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	3,052,073	(3,052,073)
TPAF Post Long-term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	10,979	(10,979)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	11,214,120	(11,214,120)
Total State Sources	3,175,316	-	3,175,316	16,256,082	(13,080,766)
Total revenues	135,220,115	-	135,220,115	150,246,773	(15,026,658)
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Teachers salaries	34,874,862	186,626	35,061,488	31,710,803	3,350,685
Other salaries	1,686,316	-	1,686,316	2,752,334	(1,066,018)
General education supplies	-	97,923	97,923	1,838,351	(1,740,428)
Textbooks	429,516	5,596	435,112	370,947	64,165
Miscellaneous expenses	1,339,665	(218,812)	1,120,853	2,566,823	(1,445,970)
Purchased professional technical services	-	-	-	557,940	(557,940)
Total Regular Programs - Instruction	38,330,359	71,333	38,401,692	39,797,198	(1,395,506)
General Administrative:					
Salaries	13,302,158	465,956	13,768,114	8,572,515	5,195,599
Cost of benefits	20,874,889	593,461	21,468,350	16,444,133	5,024,217
Purchased professional technical services	15,760,440	(267,078)	15,493,362	17,230,720	(1,737,358)
Communications and telephones	306,557	-	306,557	299,852	6,705
Supplies and materials	1,881,528	185,538	2,067,066	400,551	1,666,515
Miscellaneous expenses	12,825,132	(351,863)	12,473,269	1,149,558	11,323,711
Total General Administrative	64,950,704	626,014	65,576,718	44,097,329	21,479,389

TEAM ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures: (Continued)					
Current Expense: (Continued)					
Support Services:					
Salaries	8,843,451	(225,251)	8,618,200	10,815,920	(2,197,720)
Other purchased services	5,319,715	(641,000)	4,678,715	6,123,817	(1,445,102)
Lease interest payments	9,469,491	-	9,469,491	6,053,268	3,416,223
Insurance	803,400	-	803,400	945,491	(142,091)
Supplies and materials	1,868,200	(35,890)	1,832,310	639,368	1,192,942
Energy and utilities	803,400	-	803,400	1,521,801	(718,401)
Miscellaneous expenses	854,156	(227,625)	626,531	248,561	377,970
Transportation other than to/from school	-	-	-	5,951	(5,951)
Total Support Services	27,961,813	(1,129,766)	26,832,047	26,354,177	477,870
Total General Current Expenditures	131,242,876	(432,419)	130,810,457	110,248,704	20,561,753
Capital Outlay:					
Leasehold improvements	2,573,966	640,164	3,214,130	398,134	2,815,996
TPAF Social Security	3,175,316	-	3,175,316	1,978,910	1,196,406
TPAF Medical (On-Behalf - Non-Budgeted)	-	-	-	3,052,073	(3,052,073)
TPAF Long-term Disability Insurance (On-Behalf - Non-Budgeted)	-	-	-	10,979	(10,979)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	11,214,120	(11,214,120)
Total Expenditures - General Fund	136,992,158	207,745	137,199,903	126,902,920	10,296,983
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,772,043)	(207,745)	(1,979,788)	23,343,853	(25,323,641)
Other Financing Sources (Uses):					
Repayment on note payable	-	-	-	(4,500,000)	4,500,000
Lease principal payments	-	-	-	(3,373,126)	3,373,126
Transfers from other funds	-	-	-	(742,436)	742,436
Total Other Financing Sources (Uses)	-	-	-	(8,615,562)	8,615,562
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,772,043)	(207,745)	(1,979,788)	14,728,291	(16,708,079)
Fund Balance, July 1	-	-	34,125,912	39,376,429	-
Fund Balance, June 30	\$ (1,772,043)	\$ (207,745)	\$ 32,146,124	\$ 54,104,720	\$ (16,708,079)

TEAM ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal sources	\$ 16,579,879	\$ 1,071,373	\$ 17,651,252	\$ 17,711,763	\$ (60,511)
State sources	-	-	-	1,034,652	(1,034,652)
Philanthropic support	2,791,456	319,579	3,111,035	2,115,872	995,163
Total Revenues	<u>19,371,335</u>	<u>1,390,952</u>	<u>20,762,287</u>	<u>20,862,287</u>	<u>(100,000)</u>
Expenditures:					
Instruction:					
Salaries of teachers	1,135,476	186,626	1,322,102	1,322,102	-
General supplies	1,482,727	103,521	1,586,248	1,586,248	-
Miscellaneous	302,800	(218,812)	83,988	83,988	-
Total Instruction	<u>2,921,003</u>	<u>71,335</u>	<u>2,992,338</u>	<u>2,992,338</u>	<u>-</u>
Support Services:					
Support service salaries	12,367,452	240,705	12,608,157	12,709,852	(101,695)
Employee benefits	570,488	593,461	1,163,949	1,163,949	-
Purchased professional services	2,263,241	(908,077)	1,355,164	1,355,164	-
Supplies	112,240	149,648	261,888	261,888	-
Miscellaneous	1,915,632	(579,495)	1,336,137	1,334,442	1,695
Total Support Services	<u>17,229,053</u>	<u>(503,758)</u>	<u>16,725,295</u>	<u>16,825,295</u>	<u>(100,000)</u>
Capital Outlay:					
Leasehold improvements	202,245	611,765	814,010	814,010	-
Building improvements	202,245	28,399	230,644	230,644	-
Total Capital Outlay	<u>404,490</u>	<u>640,164</u>	<u>1,044,654</u>	<u>1,044,654</u>	<u>-</u>
Total Expenditures	<u>20,554,546</u>	<u>207,741</u>	<u>20,762,287</u>	<u>20,862,287</u>	<u>(100,000)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(1,183,211)	1,183,211	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (1,183,211)</u>	<u>\$ 1,183,211</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, 2024

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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Charter School Proportion of the Net Position Liability (Asset)	0.003106	0.168412	0.128930	0.110600	0.077985	0.066462	0.005380	0.004202	0.001037	0.066001
Charter School's Proportionate Share of the Net Position Liability (Asset)	\$ 44,988,578	\$ 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
Charter School Covered-Employee Payroll	\$ 48,789,096	\$ 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
Charter School's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	92.21%	80.94%	53.37%	112.74%	148.72%	221.06%	234.12%	379.03%	707.96%	243.77%
Plan Fiduciary Net Position as a percentage of the total pension liability	108.45%	123.54%	187.38%	88.70%	67.24%	45.24%	42.71%	48.10%	40.14%	47.93%

TEAM ACADEMY CHARTER SCHOOL, INC.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,151,267	\$ 2,123,752	\$ 1,509,925	\$ 1,209,912	\$ 769,073	\$ 671,999	\$ 526,241	\$ 206,395	\$ 889,453	\$ 497,300
Contributions in relation to the contractually required contributions	(4,151,267)	(2,123,752)	(1,509,925)	(1,209,912)	(769,073)	(671,999)	(526,241)	(206,395)	(889,453)	(497,300)
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	\$ 48,789,096	\$ 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
Contributions as a percentage of covered-employee payroll	8.51%	6.76%	5.28%	7.56%	8.14%	11.35%	9.84%	6.29%	27.09%	9.61%

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*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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's 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	\$ 146,545,289	\$ 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
Total	<u>\$ 146,545,289</u>	<u>\$ 140,844,354</u>	<u>\$ 115,134,536</u>	<u>\$ 148,735,585</u>	<u>\$ 137,150,045</u>	<u>\$ 113,863,438</u>	<u>\$ 118,016,000</u>	<u>\$ 127,657,156</u>	<u>\$ 89,255,550</u>	<u>\$ 47,050,313</u>
Charter School covered-employee payroll	\$ 19,295,687	\$ 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
Charter School's 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 Contributions TPAF
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

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*

	2024	2023	2022	2021	2020	2019	2018
Changes for the Year:							
Service cost	\$ 6,380,099	\$ 8,096,177	\$ 8,942,524	\$ 4,420,450	\$ 3,981,004	\$ 3,548,125	\$ 4,343,034
Interest cost	1,519,276	933,068	1,019,131	915,375	891,026	874,123	711,227
Changes of assumptions	86,949	(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	1,088,632	(2,767,414)	(11,919,264)	7,636,346	(1,827,407)	(3,447,397)	-
Member contributions	38,934	29,650	26,054	22,175	20,096	17,900	18,010
Employer contributions	(1,184,300)	(924,231)	(802,790)	(731,600)	(677,937)	(517,912)	(489,104)
Net change in total OPEB liability	7,929,590	(4,077,785)	(2,737,402)	19,939,056	2,716,068	(1,747,817)	270,336
Total OPEB liability - beginning of year	35,208,647	39,286,432	42,023,834	22,084,778	19,368,710	21,116,527	20,846,191
Total OPEB liability - end of year	<u>\$ 43,138,237</u>	<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	\$ 10,605,877	\$ 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	407%	470%	292%	331%	331%	393%	429%
State's proportionate share of the net OPEB liability (asset) associated with the Charter School	0.09%	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 3.5% to 3.65%.

OTHER SUPPLEMENTARY INFORMATION

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, 2024

	Total	KIPP Foundation	KTAF	NJSIG	NH Children's Foundation	Promise Neighborhood	Emergent and Capital Maintenance	Title I	Title III Immigrant	Title III	IDEA Preschool	IDEA Part B-Basic Reg. Prog.	CRRSA Act Learning Acceleration	ARP Homeless Children and Youth II	ARP ESSER	ARP ESSER Subgrant
Revenues:																
Intergovernmental:																
Federal	\$ 17,711,763	\$ -	\$ -	\$ -	\$ -	\$ 60,511	\$ -	\$ 6,014,968	\$ 2,396	\$ 24,407	\$ 30,007	\$ 1,733,365	\$ 733,933	\$ 25,987	\$ 9,066,151	\$ 20,038
State	1,034,652	-	-	-	-	-	1,034,652	-	-	-	-	-	-	-	-	-
Other Sources:																
Miscellaneous	2,115,872	928,951	1,094,725	10,000	82,196	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	20,862,287	928,951	1,094,725	10,000	82,196	60,511	1,034,652	6,014,968	2,396	24,407	30,007	1,733,365	733,933	25,987	9,066,151	20,038
Expenditures:																
Instruction:																
Salaries of teachers	1,322,102	45,775	-	-	-	-	-	624,246	-	-	-	-	-	-	652,081	-
General supplies	1,586,248	246,998	-	-	-	-	-	52,377	1,616	6,488	-	-	-	-	1,278,769	-
Miscellaneous	83,988	-	83,988	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	2,992,338	292,773	83,988	-	-	-	-	676,623	1,616	6,488	-	-	-	-	1,930,850	-
Support Services:																
Support services salaries	12,709,852	561,999	100,000	-	77,875	58,500	-	4,178,450	-	14,320	30,007	1,733,365	685,377	24,230	5,225,691	20,038
Employee benefits	1,163,949	380	-	-	4,321	2,011	-	640,088	-	-	-	-	48,556	1,757	466,836	-
Purchased professional services	1,355,164	52,659	-	-	-	-	-	349,069	-	-	-	-	-	-	953,436	-
Supplies and materials	261,890	21,140	-	-	-	-	-	170,738	-	-	-	-	-	-	70,012	-
Miscellaneous	1,334,442	-	910,737	-	-	-	-	-	780	3,599	-	-	-	-	419,326	-
Capital outlay	1,044,652	-	-	10,000	-	-	1,034,652	-	-	-	-	-	-	-	-	-
Total Support Services	17,869,949	636,178	1,010,737	10,000	82,196	60,511	1,034,652	5,338,345	780	17,919	30,007	1,733,365	733,933	25,987	7,135,301	20,038
Total Expenditures	20,862,287	928,951	1,094,725	10,000	82,196	60,511	1,034,652	6,014,968	2,396	24,407	30,007	1,733,365	733,933	25,987	9,066,151	20,038
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, 2024

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2024
			Prior Years	Current Year	
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>\$ 15,556,803</u>	<u>\$ 15,249,164</u>	<u>\$ 107,639</u>	<u>\$ 200,000</u>
Totals		<u>\$ 15,556,803</u>	<u>\$ 15,249,164</u>	<u>\$ 107,639</u>	<u>\$ 200,000</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, 2024

Expenditures:

Capital outlay:

Construction in process	\$ 107,639
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Other Financing Sources (Uses):

Issuance of notes payable	<u>166,155</u>
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Net change in fund balance	58,516
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Fund Balance, July 1, 2023	<u>-</u>
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Fund Balance, June 30, 2024	<u><u>\$ 58,516</u></u>
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TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis

300 N. 13th Street Facility

From Inception and for the Year Ended June 30, 2024

	Prior Periods	Current Period	Totals
Revenues and Other Financing Sources:			
Capital grant	\$ 404,490	\$ -	\$ 404,490
Issuance of note payable	13,123,846	166,155	13,290,001
Transfers from general fund	2,160,218	-	2,160,218
Total revenues and other financing sources	15,688,554	166,155	15,854,709
Expenditures and Other Financing Uses:			
Building purchase	6,069,900	-	6,069,900
Building improvements	8,558,679	107,639	8,666,318
Interest expense	620,585	-	620,585
Transfers to the general fund	439,390	-	439,390
Total expenditures and other financing uses	15,688,554	107,639	15,796,193
Excess (deficit) of revenues over (under) expenses	\$ -	\$ 58,516	\$ 58,516

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, 2024

	<u>Business-type Activities - Enterprise Fund Food Service</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 1,786,348
Accounts receivable:	
Federal	958,398
State	<u>21,682</u>
Total current assets	2,766,428
Capital Assets	<u>416,531</u>
Total assets	<u><u>\$ 3,182,959</u></u>
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 921,652
Net Position:	
Unrestricted	<u>2,261,307</u>
Total liabilities and net position	<u><u>\$ 3,182,959</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, 2024

	Business-type Activities - Enterprise Fund Food Service
Operating Revenues:	
Charges for services:	
Daily sales - nonreimbursable programs	\$ 106,786
Miscellaneous income	4,436
	<u>111,222</u>
Total operating revenues	111,222
Operating Expenses:	
Cost of sales - reimbursable programs	<u>5,979,313</u>
Operating loss	<u>(5,868,091)</u>
Nonoperating Revenues:	
State sources:	
State school lunch program	137,325
Federal sources:	
National school lunch program	4,217,399
School breakfast program	1,722,051
Fresh fruit and vegetable program	111,860
	<u>6,188,635</u>
Total nonoperating revenues	6,188,635
Income before transfers	320,544
Transfers to General Fund	<u>(474,325)</u>
Change in net position	(153,781)
Total Net Position - beginning of year	<u>2,415,088</u>
Total Net Position - ending of year	<u><u>\$ 2,261,307</u></u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2024

Cash Flows from Operating Activities:

Receipts from customers	\$ 124,802
Payments to suppliers	<u>(5,474,192)</u>
Net cash used in operating activities	<u>(5,349,390)</u>

Cash Flows from Non-capital Financing Activities:

Receipts from state and Federal sources	6,237,752
Transfers	<u>(474,325)</u>
Net cash provided by noncapital financing activities	<u>5,763,427</u>
Net increase in cash and cash equivalents	414,037

Cash and Cash Equivalents, beginning of year	<u>1,372,311</u>
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Cash and Cash Equivalents, end of year	<u><u>\$ 1,786,348</u></u>
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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:	\$ (5,868,091)
Depreciation	147,802
Changes in operating assets and liabilities:	
Increase in other accounts receivable	13,580
Increase in accounts payable	921,652
Decrease in due to funds	<u>(564,333)</u>
Net cash used in operating activities	<u><u>\$ (5,349,390)</u></u>

LONG-TERM DEBT

TEAM ACADEMY CHARTER SCHOOL, INC.

Debt Service Fund
Schedule of Obligations Under Capital Leases
For the Year Ended June 30, 2024

Purpose	Date of Original Issue/ GASB 87 Adoption Date	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2023	Issued Current Year	Retired Current Year	Balance June 30, 2024
			Principal	Interest					
Building 1	7/1/2021	25 Years	\$ 5,032,436	\$ 2,523,997	3.15%	\$ 4,896,355	\$ -	\$ 79,943	\$ 4,816,412
Building 2	7/1/2021	23 Years	14,558,906	6,150,590	3.15%	14,004,062	-	289,437	13,714,625
Building 3	7/1/2021	23 Years	18,068,374	7,633,210	3.15%	17,379,784	-	359,206	17,020,578
Building 4	7/1/2021	15.5 Years	6,530,210	1,709,961	3.15%	5,857,744	-	352,436	5,505,308
Building 5	7/1/2021	21 Years	10,731,593	4,768,407	3.15%	10,731,592	-	(117,064)	10,848,656
Building 6	7/1/2021	22 Years	20,944,328	8,855,864	3.15%	20,053,563	-	500,365	19,553,198
Building 7	7/1/2021	12 Years	24,312,387	5,135,877	3.15%	21,347,084	-	1,554,100	19,792,984
Building 8	7/1/2021	29 Years	22,316,486	16,546,370	3.15%	22,316,486	-	(75,225)	22,391,711
Building 9	8/1/2022	34 Years	39,180,015	52,383,707	5.50%	38,721,117	-	129,660	38,591,457
Field and Parking Lot	7/1/2021	23 Years	9,367,253	3,776,750	3.15%	8,794,327	-	300,268	8,494,059
						<u>\$ 164,102,114</u>	<u>\$ -</u>	<u>\$ 3,373,126</u>	<u>\$ 160,728,988</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2024

	<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	-	1,216,761	1,216,761	1,216,761	-
Total expenditures	-	1,216,761	1,216,761	1,216,761	-
Other Financing Sources:					
Transfers from general fund	-	-	-	1,216,761	(1,216,761)
Excess (deficiency) of revenues over (under) expenditures	-	(1,216,761)	(1,216,761)	-	1,216,761
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ (1,216,761)</u>	<u>\$ (1,216,761)</u>	<u>\$ -</u>	<u>\$ 1,216,761</u>

STATISTICAL SECTION (Unaudited)

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)

	2024	2023	2022	2021	2020	2019	2018 (As Restated)	2017	2016	2015
Governmental Activities:										
Invested in capital assets, net of related debt	\$ (5,248,781)	\$ (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
Restricted for capital projects	58,516	-	572,624	-	-	(595,630)	-	-	-	-
Unrestricted	38,072,125	25,889,491	15,233,342	5,167,015	(2,501,897)	(4,510,904)	(4,107,244)	(6,247,865)	(4,521,042)	(2,099,558)
Total governmental activities net position	<u>\$ 32,881,860</u>	<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>
Business-type Activities:										
Unrestricted	\$ 1,844,776	\$ 2,415,088	\$ 1,929,559	\$ 25,942	\$ -	\$ -	\$ 54,924	\$ 40,142	\$ -	\$ -
Invested in capital assets	416,531	-	-	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ 2,261,307</u>	<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>
School-wide:										
Invested in capital assets, net of related debt	\$ (4,832,250)	\$ (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
Restricted for capital projects	58,516	-	572,624	-	-	(595,630)	-	-	-	-
Unrestricted	39,916,901	28,304,579	17,162,901	5,192,957	(2,501,897)	(4,510,904)	(4,052,320)	(6,207,723)	(4,521,042)	(2,099,558)
Total school-wide net position	<u>\$ 35,143,167</u>	<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>

TEAM ACADEMY CHARTER SCHOOL, INC.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 42,789,536	\$ 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
Support services:										
General administration	45,314,090	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
School administrative services	43,179,472	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
On-behalf and reimbursed TPAF Social Security and pension	16,256,082	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
Capital outlay	1,550,427	2,531,273	4,059,560	1,645,814	2,017,231	11,014,967	-	-	-	-
Unallocated depreciation	1,072,836	1,197,058	860,116	908,707	1,248,980	677,981	298,625	270,914	-	189,294
Amortization expense	7,858,651	7,762,387	6,703,467	-	-	-	-	-	-	-
Total governmental activities expenses	<u>158,021,094</u>	<u>147,842,205</u>	<u>135,793,063</u>	<u>108,582,214</u>	<u>98,184,568</u>	<u>97,519,831</u>	<u>76,885,220</u>	<u>93,154,356</u>	<u>65,393,180</u>	<u>56,194,850</u>
Business-type activities:										
Food service	5,979,313	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
Total business-type activities expense	<u>5,979,313</u>	<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>
Total school expenses	<u><u>\$ 164,000,407</u></u>	<u><u>\$ 152,469,065</u></u>	<u><u>\$ 140,237,987</u></u>	<u><u>\$ 109,896,850</u></u>	<u><u>\$ 101,654,480</u></u>	<u><u>\$ 101,262,485</u></u>	<u><u>\$ 80,125,062</u></u>	<u><u>\$ 96,212,375</u></u>	<u><u>\$ 68,188,365</u></u>	<u><u>\$ 58,611,772</u></u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 20,862,287	\$ 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
Total governmental activities program revenues	<u>20,862,287</u>	<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>
Business-type activities:										
Charges for services:										
Non-operating grants and contributions	6,188,635	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	(363,103)	199,157	105,102	688	473,847	428,994	424,209	374,154	2,795,185	2,416,922
Total business type activities program revenues	<u>5,825,532</u>	<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>
Total district program revenues	<u><u>\$ 26,687,819</u></u>	<u><u>\$ 27,193,593</u></u>	<u><u>\$ 30,865,647</u></u>	<u><u>\$ 11,623,072</u></u>	<u><u>\$ 9,991,902</u></u>	<u><u>\$ 10,218,167</u></u>	<u><u>\$ 7,734,579</u></u>	<u><u>\$ 7,814,565</u></u>	<u><u>\$ 9,363,925</u></u>	<u><u>\$ 8,467,067</u></u>
Net (Expense)/Revenue:										
Governmental activities	\$ (137,158,807)	\$ (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)
Business-type activities	<u>(153,781)</u>	<u>485,529</u>	<u>1,903,617</u>	<u>25,942</u>	<u>-</u>	<u>(54,924)</u>	<u>14,782</u>	<u>40,142</u>	<u>-</u>	<u>-</u>
Total school-wide net expense	<u><u>\$ (137,312,588)</u></u>	<u><u>\$ (125,275,472)</u></u>	<u><u>\$ (109,372,340)</u></u>	<u><u>\$ (98,273,778)</u></u>	<u><u>\$ (91,662,578)</u></u>	<u><u>\$ (91,044,318)</u></u>	<u><u>\$ (72,390,483)</u></u>	<u><u>\$ (88,397,810)</u></u>	<u><u>\$ (58,824,440)</u></u>	<u><u>\$ (50,144,705)</u></u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Grants and contributions	\$ 132,765,803	\$ 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
Property taxed levied for general purposes	14,875,666	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
Increase in net capital outlay	1,550,427	2,531,273	4,059,560	1,645,814	2,017,231	11,014,967	*	*	*	*
Miscellaneous income	2,605,304	1,234,670	1,051,243	772,375	725,447	713,483	1,458,565	1,403,171	663,448	1,166,554
Transfers	474,325	-	-	-	305,122	89,666	-	-	-	-
Total governmental activities	<u>152,271,525</u>	<u>132,268,930</u>	<u>116,236,901</u>	<u>102,058,996</u>	<u>91,579,435</u>	<u>93,542,344</u>	<u>74,872,185</u>	<u>68,361,662</u>	<u>58,016,814</u>	<u>51,967,735</u>
Total school-wide	<u><u>\$ 152,271,525</u></u>	<u><u>\$ 132,268,930</u></u>	<u><u>\$ 116,236,901</u></u>	<u><u>\$ 102,058,996</u></u>	<u><u>\$ 91,274,313</u></u>	<u><u>\$ 93,452,678</u></u>	<u><u>\$ 74,872,185</u></u>	<u><u>\$ 68,361,662</u></u>	<u><u>\$ 58,016,814</u></u>	<u><u>\$ 51,967,735</u></u>
Change in Net Position (before change in pension):										
Governmental activities	\$ 15,112,718	\$ 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
Business-type activities	<u>(153,781)</u>	<u>485,529</u>	<u>1,903,617</u>	<u>25,942</u>	<u>-</u>	<u>(54,924)</u>	<u>14,782</u>	<u>40,142</u>	<u>-</u>	<u>-</u>
Total changes in net position (before change in pension)	<u><u>\$ 14,958,937</u></u>	<u><u>\$ 6,993,458</u></u>	<u><u>\$ 6,864,561</u></u>	<u><u>\$ 3,785,218</u></u>	<u><u>\$ (388,265)</u></u>	<u><u>\$ 2,408,360</u></u>	<u><u>\$ 2,481,702</u></u>	<u><u>\$ (20,036,148)</u></u>	<u><u>\$ (807,626)</u></u>	<u><u>\$ 1,823,030</u></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, 2024

	Governmental Activities	Business-type Activities	Total GASB	GASB to FASB Reconciliation	Total FASB
Assets:					
Cash and cash equivalents	\$ 31,598,122	\$ 1,786,348	\$ 33,384,470	\$ -	\$ 33,384,470
Investments	14,452,160	-	14,452,160	-	14,452,160
Receivables, net	12,555,683	980,080	13,535,763	-	13,535,763
Due from related parties	2,576,654	-	2,576,654	-	2,576,654
Prepaid expenses	912,820	-	912,820	-	912,820
Residual interest in property	-	-	-	1,100,000 (4)	1,100,000
Capital assets, net	23,543,878	416,531	23,960,409	439,178 (2)	24,399,587
Right-to-use lease assets, net	148,717,483	-	148,717,483	11,946,586 (5)	160,664,069
Total assets	234,356,800	3,182,959	237,539,759	13,485,764	251,025,523
Deferred Outflows of Resources:					
Pension deferred outflows	31,866,383	-	31,866,383	-	31,866,383
Total assets and deferred outflows of resources	<u>\$ 266,223,183</u>	<u>\$ 3,182,959</u>	<u>\$ 269,406,142</u>	<u>\$ 13,485,764</u>	<u>\$ 282,891,906</u>
Liabilities:					
Intergovernmental payables - state	\$ 1,610,305	\$ -	\$ 1,610,305	\$ -	\$ 1,610,305
Accounts payable and accrued expenses	2,642,056	921,652	3,563,708	-	3,563,708
Payroll deductions and withholdings	860,090	-	860,090	-	860,090
Deferred revenue	865,502	-	865,502	-	865,502
Due to related party	1,954,250	-	1,954,250	-	1,954,250
Deferred rent payable	-	-	-	2,005,634 (3)	2,005,634
Notes payable	16,781,154	-	16,781,154	-	16,781,154
Net pension liability	44,988,578	-	44,988,578	-	44,988,578
Lease liabilities	160,728,988	-	160,728,988	-	160,728,988
Total liabilities	230,430,923	921,652	231,352,575	2,005,634	233,358,209
Deferred Inflows of Resources:					
Pension deferred inflows	2,910,400	-	2,910,400	-	2,910,400
Total liabilities and deferred inflows of resources	<u>233,341,323</u>	<u>921,652</u>	<u>234,262,975</u>	<u>2,005,634</u>	<u>236,268,609</u>
Net Position:					
Invested in capital assets, net of capital debt	(5,248,781)	416,531	(4,832,250)	-	(4,832,250)
Restricted for capital projects	58,516	-	58,516	-	58,516
Unrestricted	38,072,125	1,844,776	39,916,901	11,480,130 (1)	51,397,031
Total net position	<u>32,881,860</u>	<u>2,261,307</u>	<u>35,143,167</u>	<u>11,480,130</u>	<u>46,623,297</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 266,223,183</u>	<u>\$ 3,182,959</u>	<u>\$ 269,406,142</u>	<u>\$ 13,485,764</u>	<u>\$ 282,891,906</u>
Fund Balance, June 30, 2024 - B-1	\$ 54,163,236				\$ 65,359,016
Cost of capital assets, net of accumulated depreciation	23,543,878				23,543,878
Cost of right-to-use lease assets, net of accumulated amortization	148,717,483				148,717,483
Net change in pension (fund to school-wide reconciliation)	-				2,545,657
Principal balance of notes payable	(16,781,154)				(16,781,154)
Principal balance of lease liabilities	(160,728,988)				(160,728,988)
Net position before pension adjustments	48,914,455				62,655,892
Less - pension, net (deficit)	(16,032,595)				(16,032,595)
Total net position, June 30, 2024	<u>\$ 32,881,860</u>				<u>\$ 46,623,297</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 \$23,114) 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, 2024

	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	Total Governmental Funds	Business-type Activities - Enterprise Fund			
Revenues:									
Local sources:									
State share	\$ 114,182,066	\$ -	\$ -	\$ -	\$ 114,182,066	\$ -	\$ 114,182,066	\$ -	\$ 114,182,066
Local share	14,875,666	-	-	-	14,875,666	-	14,875,666	-	14,875,666
Philanthropic support	438,628	2,115,872	-	-	2,554,500	-	2,554,500	-	2,554,500
Interest income	1,493,713	-	-	-	1,493,713	-	1,493,713	-	1,493,713
Miscellaneous	2,605,304	-	-	-	2,605,304	111,222	2,716,526	-	2,716,526
Total - local sources	133,595,377	2,115,872	-	-	135,711,249	111,222	135,822,471	-	135,822,471
Federal sources	395,314	17,711,763	-	-	18,107,077	6,051,310	24,158,387	-	24,158,387
State sources	16,256,082	1,034,652	-	-	17,290,734	137,325	17,428,059	-	17,428,059
Total revenues	150,246,773	20,862,287	-	-	171,109,060	6,299,857	177,408,917	-	177,408,917
Expenditures:									
Current:									
Instruction	39,797,198	2,992,338	-	-	42,789,536	-	42,789,536	-	42,789,536
Administrative	44,097,329	-	-	1,216,761	45,314,090	-	45,314,090	-	45,314,090
Support services	26,354,177	16,825,295	-	-	43,179,472	5,831,511	49,010,983	420,644 (2)	49,431,627
TPAF Social Security (Reimbursed)	1,978,910	-	-	-	1,978,910	-	1,978,910	-	1,978,910
TPAF Medical (On-Behalf - Non-Budgeted)	3,052,073	-	-	-	3,052,073	-	3,052,073	-	3,052,073
TPAF Post Long-term Disability Insurance (On-Behalf - Non-Budgeted)	10,979	-	-	-	10,979	-	10,979	-	10,979
TPAF Pension (On-Behalf - Non-Budgeted)	11,214,120	-	-	-	11,214,120	-	11,214,120	-	11,214,120
Capital outlay	398,134	1,044,654	107,639	-	1,550,427	-	1,550,427	(1,550,427) (3)	-
Amortization expense - right-to-use assets (component of rent expense)	-	-	-	-	-	-	-	3,373,126 (8)	3,373,126
Depreciation expense - capitalized interest	-	-	-	-	-	-	-	11,557 (9)	11,557
Depreciation expense - capital assets	-	-	-	-	-	147,802	147,802	1,072,836 (4)	1,220,638
Total expenditures	126,902,920	20,862,287	107,639	1,216,761	149,089,607	5,979,313	155,068,920	3,327,736	158,396,656
Excess (deficit) of revenues over (under) expenditures	23,343,853	-	(107,639)	(1,216,761)	22,019,453	320,544	22,339,997	(3,327,736)	19,012,261
Other Financing Sources (Uses):									
Issuance of note payable	-	-	166,155	-	166,155	-	166,155	(166,155) (5)	-
Repayment of note payable	(4,500,000)	-	-	-	(4,500,000)	-	(4,500,000)	4,500,000 (10)	-
Lease principal payments	(3,373,126)	-	-	-	(3,373,126)	-	(3,373,126)	3,373,126 (7)	-
Net change in pension (fund to school-wide reconciliation)	(2,545,657) (6)	-	-	-	(2,545,657)	-	(2,545,657)	-	(2,545,657)
Transfers between funds	(742,436)	-	-	1,216,761	474,325	(474,325)	-	-	-
Total other financing sources (uses)	(11,161,219)	-	166,155	1,216,761	(9,778,303)	(474,325)	(10,252,628)	7,706,971	(2,545,657)
Net change in fund balances	12,182,634	-	58,516	-	12,241,150	(153,781)	12,087,369	4,379,235	16,466,604
Fund Balance - July 1, 2023	39,376,429	-	-	-	39,376,429	2,415,088	41,791,517	7,426,806 (1)	49,218,323
Net change in capital assets (fund to school-wide reconciliation)	-	-	-	-	-	-	-	(477,591) (3) (4)	(477,591)
Net change in note payable (fund to school-wide reconciliation)	-	-	-	-	-	-	-	(4,333,845) (5) (10)	(4,333,845)
Net change in right-to-use assets and lease liability (fund to school-wide reconciliation)	-	-	-	-	-	-	-	4,485,525 (7) (8a)	4,485,525
Fund Balance - June 30, 2024	\$ 51,559,063	\$ -	\$ 58,516	\$ -	\$ 51,617,579	\$ 2,261,307	\$ 53,878,886	\$ 11,480,130	\$ 65,359,016

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 for 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 \$7,858,651 (8a) was reduced by \$4,485,525 to conform with the accounting of the respective lessors).
(9) FASB reconciliation to include depreciation expense related to interest capitalized under FASB.
(10) FASB reconciliation to remove expense for payments made on loans.

TEAM ACADEMY CHARTER SCHOOL, INC.Statement of Cash Flows - FASB
For the Year Ended June 30, 2024**Cash Flows from Operating Activities:**

Changes in fund balance	\$ 16,466,604
Adjustment to reconcile changes in fund balance to net cash provided by operating activities:	
Pension deferred outflows	(15,970,188)
Pension deferred inflows	(1,057,094)
Depreciation	1,232,195
Changes in operating assets and liabilities:	
Receivables	(2,140,325)
Due from related parties	5,925,471
Prepaid expenses	439,152
Intergovernmental payables - state	(1,060,277)
Accounts payable	579,208
Payroll deductions and withholdings	(800,698)
Deferred revenue	865,502
Due to related party	1,766,150
Deferred rent payable	420,644
Net pension liability	19,572,939
Net cash provided by operating activities	<u>26,239,283</u>

Cash Flows from Investing Activities:

Purchases of capital assets	<u>(1,550,427)</u>
-----------------------------	--------------------

Cash Flows from Financing Activities:

Payments on notes payable	(4,500,000)
Proceeds from notes payable	<u>166,155</u>
Net cash used in financing activities	<u>(4,333,845)</u>

Net Change in Cash and Restricted Cash 20,355,011

Cash and Restricted Cash:

Beginning of year	<u>27,481,619</u>
End of year	<u>\$ 47,836,630</u>

Reconciliation of Cash and Restricted Cash:

Cash and cash equivalents	\$ 33,384,470
Investments	<u>14,452,160</u>
Total cash and restricted cash	<u>\$ 47,836,630</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

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

	<u>2024</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>
Governmental Funds:										
Unreserved	\$ 54,104,720	\$ 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
Reserved	<u>58,516</u>	<u>572,624</u>	<u>572,624</u>	<u>-</u>	<u>-</u>	<u>(595,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 54,163,236</u>	<u>\$ 39,949,053</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>

TEAM ACADEMY CHARTER SCHOOL, INC.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
State sources	\$ 131,472,800	\$ 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
Local tax levy	14,875,666	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
Federal sources	18,107,077	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
Philanthropic support	2,554,500	3,043,488	4,740,336	2,899,274	2,190,759	1,989,336	*	*	*	*
Interest income	1,493,713	***	***	***	***	***	***	***	***	***
Miscellaneous	2,605,304	1,234,670	1,051,243	772,375	725,447	713,483	1,458,565	1,403,171	5,017,319	4,503,993
Total revenues	171,109,060	151,818,861	140,580,071	115,570,226	97,232,065	98,994,517	78,388,530	71,840,189	67,380,739	57,176,981
Expenditures:										
Instruction:										
Regular instruction	42,789,536	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
Support Services:										
General administration	45,314,090	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
Support services	43,179,472	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
TPAF Social Security and Pension	16,256,082	16,392,629	16,372,457	11,739,628	9,184,148	8,702,511	**	**	**	**
Lease principal payments	3,373,126	3,763,047	3,176,827	-	-	-	-	-	-	-
Capital outlay	1,550,427	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
Transfers	(474,325)	-	-	-	305,122	89,666	-	-	-	-
Total expenditures	151,988,408	142,645,807	131,406,307	107,673,507	97,240,710	96,931,516	78,037,274	74,091,254	68,188,365	56,005,556
Excess (deficit) of revenues over (under) expenditures	19,120,652	9,173,054	9,173,764	7,896,719	(8,645)	2,063,001	351,256	(2,251,065)	(807,626)	1,171,425
Other Financing sources (uses)	(4,333,845)	1,270,231	3,885,624	4,874,550	1,147,871	9,936,723	-	-	-	-
Net change in fund balances	\$ 14,786,807	\$ 10,443,285	\$ 13,059,388	\$ 12,771,269	\$ 1,139,226	\$ 11,999,724	\$ 351,256	\$ (2,251,065)	\$ (807,626)	\$ 1,171,425
Debt Service as a Percentage of Noncapital Expenditures	-2.88%	0.91%	3.05%	4.60%	1.21%	11.57%	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>
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
2024	412,030	2,193,274	-	2,605,304

Source: Charter School Financial Statements

DEBT CAPACITY

TEAM ACADEMY CHARTER SCHOOL, INC.

Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2024

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			
2024	\$ -	\$ -	\$ 160,728,988	\$ 16,781,154	\$ -	\$ 177,510,142	\$ 63,528,603	\$ 74,310
2023	\$ -	\$ -	\$ 164,102,114	\$ 21,114,999	\$ -	\$ 185,217,113	\$ 63,528,603	\$ 74,310

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, 2024

<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>
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%
2024	*	*	*	5.5%

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, 2024

Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment
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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Instruction:										
Regular	318	329	321	298	295	252	362	275	273	239
Special education	92	70	66	57	178	82	28	32	30	32
Vocational	6	4	4	5	9	8	-	-	-	-
Other instruction	34	33	33	23	16	20	-	-	-	-
Support Services:										
School administrative services	209	195	190	140	159	153	56	36	36	36
Student and instruction related services	181	163	159	134	56	49	35	39	39	39
Administrative information technology	8	11	11	5	9	11	5	-	-	-
Food service	1	-	-	1	1	1	1	-	-	-
Total	<u>849</u>	<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>

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				
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%
2024	6,306	139,241,321	22,081	13.06%	450	1:13	1:15	1:12	6,288	5,744	12.75%	91.35%

Sources: School records

TEAM ACADEMY CHARTER SCHOOL, INC.

School Building Information
For the Years Ended June 30

District Building	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
KIPP SPARK Academy (ES #1)										
Square Feet	N/A	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Capacity (students)	N/A	560	560	560	560	560	560	560	560	560
Enrollment	N/A	549	522	574	555	557	562	560	561	548
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)	468	448	448	448	448	448	448	448	448	448
Enrollment	451	446	447	464	448	446	435	431	434	409
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	443	445	451	458	449	448	433	453	450	424
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	104,221
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	799	749	782	830	796	780	672	606	601	659
KIPP THRIVE Academy (ES #2) and KIPP BOLD Academy (MS #3)										
Square Feet	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556	98,556
Capacity (students)	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Enrollment	1,014	981	1,046	1,065	1,035	1,010	890	782	757	542
KIPP Seek Academy (ES #3)										
Square Feet	60,680	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	561	536	532	571	558	556	560	448	330	225
KIPP Life Academy (ES #4)										
Square Feet	74,240	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	
Enrollment	495	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	133,462					
Capacity (students)	1,456	2,470	2,470	2,470	2,470					
Enrollment	968	938	290	235	118					
Newark Justice Academy (MS #5) and Newark Truth Academy (ES #6)										
Square Feet	133,462	133,462	133,462	63,885	63,885					
Capacity (students)	1,008	1,008	1,008	1,538	1,538					
Enrollment	421	421	222	467	207					
Newark Lab High School (HS #2)										
Square Feet	63,885	63,885	63,885							
Capacity (students)	560	560	560							
Enrollment	516	477	335							
Newark Justice Academy and Spark Academy										
Square Feet	132,025									
Capacity (students)	1,008									
Enrollment	1,048									
Number of Schools at June 30, 2024										
Elementary = 5										
Middle School = 5										
High School = 2										
Other = 0										

Source: School Office

TEAM ACADEMY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2024

	<u>Coverage</u>	<u>Deductible</u>
Commercial Property and General Liability:		
Commercial Property	\$ 303,798,283	\$ 5,000
Earthquake - Per Pool Occurrence/NJSIG Annual Pool Aggregate	50,000,000	5,000
Flood - Per Occurrence/NJSIG Annual Aggregate	75,000,000	10,000
Equipment Breakdown	100,000,000	25,000
Public Employee Dishonesty with Faithful Performance	1,000,000	1,000
General Liability - Each Occurrence	31,000,000	-
General Liability - General Aggregate	None	-
Sexual Abuse - Per Occurrence/Per Member Annual Aggregate	15,000,000	-
Sexual Abuse - Annual NJSIG Aggregate	27,000,000	-
Business Auto (Hired and Non-Owned Liability)	31,000,000	-
School Board Legal Liability	31,000,000	10,000
Umbrella	Included	-
Workers' Compensation	Statutory	-
Police Professional Liability - Each Occurrence/Policy Aggregate	1,000,000.00	5,000
Surety Bonds:		
School Board Secretary	252,540.00	-
Assistant Business Administrator	252,540.00	-

CHARTER SCHOOL PERFORMANCE

TEAM ACADEMY CHARTER SCHOOL, INC.

Charter School Performance Indicators
June 30, 2024

		2022	2023	2024	Source
Cash (unrestricted)		26,867,735	27,481,619	33,384,470	Audit: Exhibit A-1
Current Assets (include cash)		44,702,451	48,731,154	64,861,867	Audit: Exhibit A-1
Current Liabilities		14,391,667	7,503,970	8,853,855	Audit: Exhibit A-1
Total Expenses		62,920,223	126,858,590	136,792,748	Audit: Exhibit A-2
Change in Net Position		8,329,748	6,633,698	12,413,280	Audit: Exhibit A-2
Final Average Daily Enrollment (exclude PK)*		5,865	6,058	6,298	DOE Final Enrollment Report
March 30 Budgeted Enrollment (exclude PK)		5,138	6,042	6,374	March 30 Charter School Budget
Complete section only if auditee has mortgage/note/bond payable:					
Depreciation Expense		860,116	1,197,058	1,072,836	Auditor/Workpapers
Interest Expense		942,897	1,160,175	1,216,761	Auditor/Workpapers
Principal Payments		-	-	4,500,000	Auditor/Workpapers
Interest Payments		942,897	1,160,175	1,216,761	Auditor/Workpapers

Performance Indicators		2022	2023	2024	3 YR CUM	Calculation****	Target****
Near Term Indicators							
1a.	Current Ratio (working capital ratio)	3.11	6.49	7.33		Current Assets/Current Liabilities	> 1.1 or between 1.0-1.1 with positive trend
1b.	Unrestricted days cash on hand	155.86	79.07	89.08		Cash/(Total Expenses/365)	60 days or 30-60 days with positive trend
1c.	Enrollment Variance	114%	100%	99%	104%	Average Daily Enrollment/Budgeted Enrollment	>95% or >95% for 3 yr cum
1d.**	Default on loans or delinquent in debt payments	No	No	No		Auditor	not in default
Sustainability Indicators							
2a***	3 Year Cumulative Cash Flow	9,237,706	613,884	5,902,851	15,754,441	Net change in cash flow from prior years	3 yr cum positive with most recent year positive
2b	Debt Service Coverage Ratio	10.75	7.75	2.57		N/A or (Change in Net Position + depreciation + interest expense) / (principal + interest payments)	>1.10

* For renaissance schools: use Oct 15 count if no final count; use head count if ADE not available
** Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
*** 2023 =2023 Cash - 2022 Cash; 2022 =2022 Cash-2021 Cash; 2021 =2021 Cash-2020 Cash
**** Refer to NJ Performance Framework

Meets Standard

Does Not Meet Standard

Falls Far Below Standard

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, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

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 response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

The image shows a handwritten signature in black ink that reads "AAFCPAs, Inc." in a cursive, stylized font.

Westborough, Massachusetts
December 16, 2024

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, 2024. 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, 2024.

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.

AAFCPAs, Inc.

Westborough, Massachusetts
December 16, 2024

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, 2024

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, 2023	Cash Received	Total Budgetary Expenditures	Balance at
				From	To				June 30, 2024
									Accounts Receivable
U.S. Department of Education:									
Passed-through New Jersey Department of Education:									
E.S.S.A.:									
Title I Grants to Local Educational Agencies	84.010	S010A180030	\$ 5,294,639	7/1/22	6/30/23	\$ 627,089	\$ 380,312	\$ -	\$ 246,777
	84.010	S010A180030	6,526,975	7/1/23	6/30/24	-	4,654,542	6,014,968	1,360,426
			<u>\$ 11,821,614</u>			<u>627,089</u>	<u>5,034,854</u>	<u>6,014,968</u>	<u>1,607,203</u>
English Language Acquisition State Grants	84.365	S365A180030	<u>\$ 26,803</u>	7/1/23	6/30/24	-	349	26,803	26,454
COVID-19 - Education Stabilization Fund	84.425D	S425D210027	\$ -	7/1/22	6/30/23	1,424,134	1,282,324	-	141,810
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	50,038	7/1/22	6/30/24	40,010	60,048	20,038	-
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	445,613	7/1/22	6/30/24	185,446	185,446	-	-
COVID-19 - Education Stabilization Fund	84.425U	S425D210027	92,683	7/1/22	6/30/24	26,999	34,559	25,987	18,427
COVID-19 - Education Stabilization Fund	84.425U	S425U210027	24,790,364	7/1/22	6/30/24	973,431	4,411,936	9,066,151	5,627,646
COVID-19 - Education Stabilization Fund	84.425U	S425U210027	733,933	7/1/23	9/30/24	-	-	733,933	733,933
Total AL No. 84.425			<u>\$ 25,378,698</u>			<u>2,650,020</u>	<u>5,974,313</u>	<u>9,846,109</u>	<u>6,521,816</u>
Special Education Cluster (IDEA):									
Special Education Grants to States	84.027	H027A190100	\$ 1,462,176	7/1/22	6/30/23	580,439	537,732	-	42,707
COVID-19 - Special Education Preschool Grants	84.173	H173A180114	30,007	7/1/21	6/30/22	-	27,506	30,007	2,501
Total Special Education Cluster (IDEA)			<u>\$ 3,225,548</u>			<u>580,439</u>	<u>1,967,814</u>	<u>1,763,372</u>	<u>375,997</u>
Supporting Effective Educator Development Program	84.423	U423A180059	<u>\$ 50,526</u>	7/1/22	6/30/23	<u>50,526</u>	<u>50,526</u>	-	-
Passed-through the Center for Family Services:									
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215	U215N160015	<u>\$ 60,511</u>	7/1/23	6/30/24	-	60,511	60,511	-
Total Special Revenue Fund and U.S. Department of Education						<u>3,908,074</u>	<u>13,088,367</u>	<u>17,711,763</u>	<u>8,531,470</u>
U.S. Department of Agriculture:									
Passed-through New Jersey Department of Agriculture:									
Child Nutrition Cluster:									
Fresh Fruit and Vegetable Program	10.582	191NJ304L1603	\$ 111,860	7/1/23	6/30/24	31,491	143,124	111,860	227
National School Lunch Program	10.555	19NJ304N1099	4,217,399	7/1/23	6/30/24	763,366	4,299,415	4,217,399	681,350
School Breakfast Program	10.553	19NJ304N1099	1,722,051	7/1/23	6/30/24	195,982	1,641,212	1,722,051	276,821
Total Child Nutrition Cluster			<u>\$ 6,051,310</u>			<u>990,839</u>	<u>6,083,751</u>	<u>6,051,310</u>	<u>958,398</u>
Total Enterprise Fund and U.S. Department of Agriculture						<u>990,839</u>	<u>6,083,751</u>	<u>6,051,310</u>	<u>958,398</u>
U.S. Department of Health and Human Services:									
Passed-through New Jersey Department of Health and Human Services:									
Medicaid Cluster:									
Medical Assistance Program	93.778	1905NJ5MAP	<u>\$ 395,314</u>	7/1/23	6/30/24	-	395,314	395,314	-
Total General Fund and U.S. Department of Health and Human Services						-	395,314	395,314	-
Total Expenditures of Federal Awards						<u>\$ 4,898,913</u>	<u>\$ 19,567,432</u>	<u>\$ 24,158,387</u>	<u>\$ 9,489,868</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2024

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2023	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2024
			From	To				
State Department of Education								
General Fund:								
Equalization Aid - State	22-495-034-5120-078	\$ 106,138,229	7/1/23	6/30/24	\$ 4,096,184	\$ 108,180,433	\$ 106,138,229	\$ 2,053,980
Equalization Aid - Local	22-495-034-5120-078	\$ 14,265,425	7/1/23	6/30/24	569,174	14,568,117	14,265,425	266,482
Special Education Categorical Aid	22-495-034-5120-089	\$ 4,507,045	7/1/23	6/30/24	-	4,507,045	4,507,045	-
Security Aid	22-495-034-5120-084	\$ 3,704,834	7/1/23	6/30/24	-	3,704,834	3,704,834	-
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	\$ 1,978,910	7/1/23	6/30/24	112,585	1,737,657	1,978,910	353,838
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	\$ 11,214,120	7/1/23	6/30/24	-	11,214,120	11,214,120	-
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	22-495-034-5094-001	\$ 3,052,073	7/1/23	6/30/24	-	3,052,073	3,052,073	-
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	22-495-034-5094-004	\$ 10,979	7/1/23	6/30/24	-	10,979	10,979	-
Extraordinary Aid	22-495-034-5120-044	\$ 442,199	7/1/23	6/30/24	325,449	325,449	442,199	442,199
Total General Fund					5,103,392	147,300,707	145,313,814	3,116,499
Special Revenue Fund:								
Charter School Project Emergent and Capital Maintenance Funds	Not Available	\$ 1,034,652	7/1/23	6/30/24	-	1,034,652	1,034,652	-
Enterprise Fund:								
State School Lunch	22-100-010-3350-023	\$ 154,001	7/1/23	6/30/24	38,358	154,001	137,325	21,682
Total State Financial Assistance					5,141,750	148,489,360	146,485,791	3,138,181
Less: On-Behalf TPAF Pension System Contributions								
On-Behalf Teachers' Pension and Annuity Fund	22-495-034-5094-002	\$ 11,214,120	7/1/23	6/30/24	-	-	(11,214,120)	-
On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical	22-495-034-5094-001	\$ 3,052,073	7/1/23	6/30/24	-	-	(3,052,073)	-
On-Behalf Teachers' Pension and Annuity Fund - Long-term Disability Insurance	22-495-034-5094-004	\$ 10,979	7/1/23	6/30/24	-	-	(10,979)	-
Total for State Financial Assistance - Major Program Determination					\$ 5,141,750	\$ 148,489,360	\$ 132,208,619	\$ 3,138,181

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2024

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	\$ 395,314	\$ 145,313,814	\$ 145,709,128
Special Revenue Fund	17,711,763	1,034,652	18,746,415
Food Service Fund	<u>6,051,310</u>	<u>137,325</u>	<u>6,188,635</u>
Total Awards and Financial Assistance	<u>\$ 24,158,387</u>	<u>\$ 146,485,791</u>	<u>\$ 170,644,178</u>

TEAM ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Awards and Financial Assistance
For the Fiscal Year Ended June 30, 2024

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 \$1,978,910 represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2024.

The amount reported as TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$14,277,172, represents the amount paid by the state on behalf of the Charter School for the fiscal year ended June 30, 2024.

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, 2024

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) disclosed? Yes X No
- Significant deficiency(ies) disclosed? X Yes No

Noncompliance material to financial statements disclosed? Yes X No

Federal Awards

Internal control over major Federal program:

- Material weakness(es) disclosed? Yes X No
- Significant deficiency(ies) disclosed? Yes X No

Type of auditor's report issued on compliance for major Federal program: 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 program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Title I Grants to Local Educational Agencies	84.010

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, 2024

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)	\$3,000,000	
Auditee qualified as low-risk auditee:	X	
Type of auditor's report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) disclosed:		X
Significant deficiencies disclosed 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	State Aid Cluster	
23-495-034-5120-089		
23-495-034-5120-084		

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

2. FINANCIAL STATEMENT FINDINGS**Significant Deficiency*****Finding 2024-001: Account Balance Reconciliations***

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 Principles (U.S. GAAP) established by the Governmental Accounting Standards Board (GASB).

Condition: The supporting schedules provided for cash, accounts receivable, prepaid expenses, accounts payable and various accruals did not agree back to the trial balance accounts and ultimately the account balances at the school-side level by significant amounts.

Context: Significant deficiency over account balance reconciliations.

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

Effect: Additional analysis and corrected and uncorrected misstatements were needed in order to properly reconcile various accounts. The corrected and uncorrected misstatements specific to the additional analysis resulted in decreases to accounts receivable and accounts payable of approximately \$1,000,000 and a net increase to changes in net position of approximately \$500,000. Additionally, the late audit adjustments provided caused significant inefficiencies during the audit process.

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

Recommendation: The Charter School should implement monthly or quarterly closing procedures to ensure all asset and liability balances are properly reconciled and valid as of year-end. Management should also inventory all seldomly used balance sheet accounts that are not used regularly to determine if they should still be reflected on the balance sheet.

Management Response: Management implemented a new general ledger system effective July 1, 2024. During the cleanup process, several accounts from the previous system were identified as duplicates and subsequently consolidated or eliminated. Management tied out prior-year fund balances per audit to the 2024 beginning balances and confirmed that all beginning balances were correctly transferred into the new ledger system.

However, certain balance sheet accounts carried forward balances from prior years that required adjustment through write-offs, reserves, or reclassifications. Carrying the liabilities was a more conservative measure on the part of management, and as these accounts have grown to a material balance only as of this year, management has established annual reconciliations of all material (non-cash) balance sheet accounts and will provide detailed reconciling schedules during quarterly financial reviews. Please note that cash is reconciled monthly and will continue to be reconciled monthly or more frequently.

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

None

TEAM ACADEMY CHARTER SCHOOL, INC.

Schedule of Prior Year Findings and Questioned Costs
As Prepared by Management
For the Fiscal Year Ended June 30, 2024

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 findings were addressed:

Significant Deficiencies***Finding 2023-001: Capital Assets***

Year of Initial Finding: June 30, 2023

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.

Status: Management assessed the accounting department's resources and capabilities to produce accurate and timely financial statements and ensured that the capital outlay additions were properly reconciled to the trial balance and supporting schedules in order to properly reflect capital assets at the school-wide level as of June 30, 2024.

Finding 2023-002: GASB Fund Classification

Year of Initial Finding: June 30, 2022

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

Status: Management adopted a formal process to identify transactions with different accounting treatments to ensure the year-end financial statements are accurately reflected.