



NC ACCESS Subgrant Program Application Recommendation
Lakeside Charter Academy
June 8, 2020

Introduction

The North Carolina Department of Public Instruction (NCDPI) was awarded a Public Charter Schools Program (CSP) grant from the U.S. Department of Education (USDOE) of approximately \$36,600,000. The CSP grant is being used to implement the North Carolina Advancing Charter Collaboration and Excellence for Student Success (NC ACCESS) Program¹ to:

1. Increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students;
2. Develop a cohort of charter school leaders who can develop and demonstrate best practices in serving educationally disadvantaged students; and
3. Broadly disseminate best practices in serving educationally disadvantaged students and foster collaboration in the charter school community and between charter schools and traditional public schools.

The NC ACCESS Program has allocated the majority of the CSP funds to advance Priority 1 listed above through school-level subgrants, though subgrant recipients must also demonstrate a desire to share best practices with both charter schools and traditional public schools. The NC ACCESS Program will run a competitive subgrant application process annually and award subgrants to North Carolina charter schools that propose a comprehensive plan to increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students.

This recommendation report includes the following information:

1. Procedural History: A review of the procedural steps taken by the applicant and NC ACCESS Program team to ensure a consistent application and evaluation process. (p. 3)
2. Conclusion and Recommendation: The NC ACCESS Program recommendation to approve or deny the subgrant application. (p. 3)
3. Summary of the Application: A brief description of the applicant's proposed enrollment and funding request. (p. 4)
4. Summary of the Evaluation: A summary of the overall evaluation of the subgrant application by the Review Committee, including section ratings and application strengths and areas of concern. (p. 5-6)
5. Exhibits: Additional documentation pertinent to the recommendation. (p.7)

¹ <https://www.dpi.nc.gov/students-families/innovative-school-options/charter-schools/nc-access-program>

Overview of the Evaluation Process

The NC ACCESS Subgrant Program is a competitive application process designed to award funding for North Carolina charter schools that propose to serve an increased number of educationally disadvantaged students. Each subgrant application has been reviewed by a committee of NC ACCESS Program team members and trained external evaluators. Applications were evaluated using the approved NC ACCESS Program subgrant application scoring rubric.²

The subgrant application for Lakeside Charter Academy was evaluated by a Review Committee consisting of the following individuals:

Evaluator	Role
Connie Cuttino	External Evaluator
Joann Jacullo-Noto	External Evaluator
Dr. Barbara O’Neal	Program Coordinator, NC ACCESS Program

All evaluations have been considered, and the recommendation made to the Charter School Advisory Board (CSAB) is based on the evidence provided by the applicant and all evaluations by the Review Committee. The CSAB will take all recommendations, evaluations, application materials, and due diligence into account and make a recommendation for the approval of subgrants to the State Board of Education (State Board). The State Board will determine the final approval of all subgrant awards.

A subgrant application that merits a recommendation for approval should present a clear, realistic picture of how the charter school expects to successfully implement the proposed plans to increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students. In addition to meeting the criteria that are specific to each section, each part of the proposal should align with the overall mission, budget, and goals of the subgrant application and NC ACCESS Program.

Recommendations for approval or denial are based on the completed application which includes school information, signed assurances, enrollment projections, education plan, operations plan, budget, budget narrative, logic model, and appendices. The enrollment projections, education plan, operations plan, budget, budget narrative, and logic model are scored out of a possible one hundred (100) points. Applicants must score at least eighty (80) points to meet the standard and to be considered for a recommendation for approval. Applications that do not meet the standard in all sections as evidenced by the summary review ratings will be deemed not ready for approval.

² <https://files.nc.gov/dpi/documents/charterschools/ncaccess/scoring-rubric.docx>

Procedural History

The following outlines the steps completed by Lakeside Charter Academy (Applicant), the NC ACCESS Program team, and the Review Committee to ensure an objective, transparent, and comprehensive application evaluation process:

1. The Applicant submitted a Letter of Intent (LOI) to the NC ACCESS Program prior to the deadline on January 15, 2020 indicating interest in applying to the NC ACCESS Subgrant Program.
2. The LOI was reviewed and the Applicant was designated as “Eligible” to complete a full subgrant application. The Applicant was notified of their eligibility status via email.³
3. The CSAB was notified of the Applicant’s eligibility status via emailed report on January 27, 2020.
4. The Applicant submitted a full subgrant application in Epicenter prior to the deadline on March 1, 2020.⁴
5. The NC ACCESS Program Review Committee evaluated the full subgrant application using the approved NC ACCESS Program subgrant application scoring rubric.⁵
6. A final recommendation was drafted based on the completed evaluations by Review Committee members.

Conclusion and Recommendation

Lakeside Charter Academy submitted an application for an Expansion subgrant for implementation beginning in the 2020-2021 school year. The application and evaluation summaries for the subgrant application submitted by Lakeside Charter Academy begin on page four (4) of this document. Based on the procedural history and the comprehensive evaluation of the Review Committee using the approved NC ACCESS Program subgrant application scoring rubric, the NC ACCESS Program team recommends Lakeside Charter Academy be awarded an Expansion subgrant for the 2020 application cycle.

Subgrant Application for Lakeside Charter Academy:	RECOMMENDED FOR APPROVAL
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Dave Machado, Director
Office of Charter Schools

6/8/20

Date

³ See Exhibit A.
⁴ See Exhibit B.
⁵ See Exhibit C.

Summary of the Application

School Name: Lakeside Charter Academy

Location of School: Mecklenburg County

CMO/EMO: N/A

Subgrant Type: Expansion

Projected Enrollment:

Subgrant Year	Grade Levels Served	Total Student Enrollment	Total ED Student Enrollment	ED Enrollment Percentage
2020-2021	K-8	210	75	36%
2021-2022	K-8	260	105	40%
2022-2023	K-8	300	125	42%
2023-2024	K-8	340	155	46%
2024-2025	K-8	400	190	48%

Requested Funding Amount: \$1,079,536

Recommended Funding Amount: \$600,000⁶

⁶ The NC ACCESS Program reserves the right to recommend less subgrant funding than officially requested by an applicant based on the strength of the application, projected growth, the activities and justifications provided, past academic, operational, and financial performance, and other due diligence. The CSAB and State Board will make recommendations and approvals based the “Recommended Funding Amount”. The NC ACCESS Program will conduct a final budget review with each awarded school and approve all final budgets prior to the reimbursement of any funding.

Summary of the Evaluation

In accordance with the NC ACCESS Program subgrant application scoring rubric, “in order to pass the review, applicants must (a) meet all criteria in sections (I), (II), and (VII); and (b) score at least eighty (80) combined points between sections (III), (IV), and (V). Section (VI) will be used to determine priority if there are more eligible applications than subgrant awards.”⁷ The review committee’s average rating for each section of the application are as follows:

General Standards	Status
Section I – Application Contact Information	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section II – Assurances	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section VII – Certification	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Total (all sections must be <i>complete</i> to pass)	<input checked="" type="checkbox"/> Pass <input type="checkbox"/> Fail

Technical Standards	Points Possible	Points Earned
Section III – Application Narrative (A, B, and C)	70	57
Section III (D) – Student Transition Plan	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete	
Section IV – Budget, Budget Narrative, and Logic Model	30	29
Section V – Competitive Preference Standards	Up to 12	0
Total (must receive at least <i>80 points</i> to pass)	100	86

Priority Standards	Standards Possible	Standards Met
Section VI – Priority Consideration Status	4	0

Overall Application Status	Rating
In order to pass, the application must (a) achieve a rating of “Pass” for the General Standards and (b) score at least eighty (80) points on the Technical Standards. The Priority Standards will be used to determine priority if there are more eligible applications than available awards.	<input type="checkbox"/> Pass with Priority
	<input checked="" type="checkbox"/> Pass
	<input type="checkbox"/> Fail

⁷ <https://files.nc.gov/dpi/documents/charterschools/ncaccess/scoring-rubric.docx>

The review committee recommends that the subgrant application for Lakeside Charter Academy be approved based on the following evaluation:

Strengths

The applicant detailed an education plan committed to educating all populations as evidenced by the GEPA statement and narrative. The applicant successfully described a marketing plan designed to attract educationally disadvantaged students, English learners, and other minority populations to the school. All marketing materials clearly state that all students are welcome regardless of academic history, behavioral history, special needs, 504 plans, IEPs, etc.

The applicant identified goals and outcomes for the project that are aligned with NC ACCESS Program activities. For example, transportation services will increase by 40% for students to and from school. The initial bus will serve 60 students in year 1, and then 2 buses will serve up to 120 students the following 4 years.

The applicant clearly described the school's academic program which represents a strong commitment to meet the needs of educationally disadvantaged students. The plan is extensive and highlights current and future services. For example, a translator will be hired to support English learners and their families; the expansion of technology will help children learn; and bus transportation will support parent/students since currently no transportation exists.

The plan to ensure youth have access to nutritional snacks is described. Lunch will be provided through a free or reduced lunch program through the "Apple a Day" catering company. Through the program, all students who cannot buy lunch will eat free. Families will be provided forms to fill out to ensure that the families meet the criteria for either free or reduced lunch.

Weaknesses

The lottery process is only briefly discussed making it difficult to determine all processes which would ensure a weighed lottery will be used. Furthermore, no information is provided describing subgroups weights and/or enrollment percentages making it difficult to determine the rationale, reasonableness, and justification for the plan.

The applicant did not provide a reasonable discussion of the academic program in terms of implementing research or evidence-based programs that will provide intervention as needed.

Exhibit A: NC ACCESS Program Eligibility Notification



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | Mark Johnson, *Superintendent of Public Instruction*

WWW.NCPUBLICSCHOOLS.ORG

December 9, 2019

VIA EMAIL

Dr. Jim Montague, Principal
Lakeside Charter Academy
17609 Old Statesville Rd.
Cornelius, NC 28031
j.montague@lakesidecharteracademy.com

Dear Dr. Montague,

Thank you for your interest in the NC ACCESS Subgrant Program and for submitting a Letter of Intent (LOI). We are grateful for your commitment to the students of North Carolina. After a review of the LOI, eligibility criteria, and school performance data, Lakeside Charter Academy has been designated as eligible to apply for an Expansion subgrant for implementation beginning in the 2020-2021 school year. The Charter Schools Advisory Board (CSAB) will be notified of the eligibility status of all applicants on February 10, 2020.

Due to Lakeside Charter Academy's designation as eligible, Lakeside Charter Academy may move forward and submit the full subgrant application. As a reminder, completed applications are **due in Epicenter by 5:00pm (EST) on March 1, 2020**. The NC ACCESS team will ensure you have access to the application portal in Epicenter and will contact you if any additional information is needed.

Please reach out to the NC ACCESS team at NCACCESS@dpi.nc.gov or (919) 807-3981 if you have any additional questions and visit the NC ACCESS page of our [website](#) for application and guidance materials and training information.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Machado".

Dave Machado, Director
Office of Charter Schools

DM/JW

OFFICE OF CHARTER SCHOOLS

6307 Mail Service Center, Raleigh, North Carolina 27699-6307 | (919) 807-3491 | Fax (919) 807-3496

Exhibit B: NC ACCESS Program Subgrant Application

SUBGRANT APPLICATION

I. APPLICATION CONTACT INFORMATION

Charter School Information	
Name of charter school (Approved/Existing): Lakeside Charter Academy	
Mailing address (Street, City, State, Zip): 17609 Old Statesville Rd. Cornelius, NC, 28031	
Name of non-profit organization under which charter is/will be organized or operated: Lakeside Charter Academy	
Name of contact person: Dr. Jim Montague	Title/Relationship to approved/existing school: Principal

Primary telephone: 704-896-9500		Alternative telephone: 704-891-5823	
E-Mail address: j.montague@lakesidecharteracademy.com		Website (if applicable): Lakesidecharteracademy.com	
Name of county and local education agency (LEA) in which charter school is/will reside: County: Mecklenburg LEA: Lakeside Charter Academy			
Is or will the charter school be operated by an Education Management Organization (EMO) or Charter Management Organization (CMO): Yes No X If so, please provide the name and list of all schools managed by the organization. N/A			
Please indicate the subgrant category for which you are applying:			
Planning and Implementation	<input type="checkbox"/>	Implementation Only	<input checked="" type="checkbox"/>
	<input type="checkbox"/>	Expansion	<input type="checkbox"/>
	<input type="checkbox"/>	X	<input type="checkbox"/>
	<input type="checkbox"/>	Replication	<input type="checkbox"/>

II. ASSURANCES

I, the undersigned, do hereby agree to comply with all assurances stated on pages 15-16 of this application.

Jim Montague
2/27/20

Signature of Charter School Authorized Representative

Date

Assurances
<p>The charter school agrees to comply with all of the following provisions:</p> <p>1. Recipients will (i) annually provide the North Carolina Department of Public Instruction such information as may be required to determine if the charter school is making satisfactory progress toward achieving the stated objectives and (ii) cooperate with the U.S. Department of Education and the North Carolina Department of Public Instruction in evaluating the entirety of the NC ACCESS program.</p> <p>2. Recipients will, for the life of the subgrant, participate in all data reporting and evaluation activities as requested by the U.S. Department of Education and the North Carolina Department of Public Instruction; this includes participation in any federal or state funded charter school evaluations or studies, final grant report documentation, and financial statements.</p> <p>3. Recipients will comply with federal laws including, but not limited to, the Age Discrimination Act of 1975, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act</p>

of 1973, and sections 613(a)(5) and 613(e)(1)(B) of the Individuals with Disabilities Education Act.

4. Recipients will comply with all provisions of the Non-Regulatory Guidance—Public Charter Schools Program of the U.S. Department of Education, which includes the use of a lottery for enrollment if the charter school is oversubscribed.

5. Recipients operate (or will operate if not yet open) a charter school in compliance with all state and federal laws and that the charter school does not discriminate based on race, gender, national origin, color, disability, or age.

6. Recipients shall ensure that a student's records, and, if applicable, a student's individualized education program as defined in section 602(11) of the Individuals with Disabilities Act, will follow the student, in accordance with applicable law (P.L. 107-110, section 5208).

7. Recipients will comply with all provisions of ESSA, including but not limited to, provisions on school prayer, the Boy Scouts of America Equal Access Act, the Armed Forces Recruiter Access to Students and Student Recruiting Information, the Unsafe School Choice Option, the Family Educational Rights and Privacy Act (FERPA), and assessments [P.L. 107-110].

8. Internal Controls must ensure compliance with federal statutes, regulations, and terms of the award. Recipients will evaluate and monitor compliance, take prompt action when instances of noncompliance are identified, and safeguard protected personally identifiable information (PII).

9. Recipients possess the legal authority to apply for this grant; a resolution or motion has been adopted by the charter school's governing body that authorizes the submission of this application, including all understanding and assurances contained herein, directing and authorizing

the “charter school contact person/administrator” to act in connection with the application and to provide such additional information as required.

10. Recipients will ensure that the awarded grant funds will be spent or encumbered in accordance with the guidance outlined in the Allowable Use of Funds section of this application.

11. Recipients shall maintain accounting records and other evidence pertaining to costs incurred, with the provision that the records shall be kept available by the grantee during the grant period and thereafter for five full years from the date of final payment. The North Carolina Department of Public Instruction must be permitted to audit, review, and inspect the grantee’s activities, books, documents, papers and other records relating to the expenditures of grant proceeds. The recipient further agrees to comply with all federal and state audit requirements and ensures that arrangements have been made to finance those mandatory audits.

12. Recipients are required to keep and maintain all equipment purchased with grant funds in accordance with federal law and regulations.

13. Recipients will ensure equitable program participation, as required under section 427 of the General Education Provision Act.

14. Recipients will comply with the lower-tier certification covering lobbying and debarment/suspension in 34 CFR Parts 82 and 85.

15. Recipients understand that if any findings of misuse of grant funds are discovered, project funds must be returned to the North Carolina Department of Public Instruction and that the North Carolina Department of Public Instruction may terminate a grant award upon 30 days’ notice if it deems that the recipient is not fulfilling the funded program as specified in the approved grant application.

16. Recipients shall attend all mandatory meetings/trainings required by the North Carolina Department of Public Instruction.

17. Recipients agree that the lead administrator and a board member of the charter school will participate fully in all required activities of the NC ACCESS Fellowship program.

18. Recipients agree to onsite monitoring by the North Carolina Department of Public Instruction as necessary to ensure that the subgrant is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subgrant; and that subgrant performance goals are achieved.

19. Recipients agree to use financial

management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, that are sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

20. The applicant understands that, as articulated in the charter agreement, the renewal or revocation of the charter is based on the academic, operational, and financial performance of the school as outlined and reported through the NC Charter School Performance Framework.

21. The applicant understands that, as stated in the charter agreement, it has autonomy and flexibility in the planning, development, and implementation of the education program, including over budgetary and financial decisions.

III. Application Narrative

A. Enrollment Projections

Subgrant Year	Grade Levels Served	Total Student Enrollment	Number of ED* Students	Percentage of ED* Student Population
2020-2021	K-8	210	75	36%
2021-2022	K-8	260	105	40%
2022-2023	K-8	300	125	42%
2023-2024	K-8	340	155	46%
2024-2025	K-8	400	190	48%

A.1 Explain the rationale behind the projected enrollment figures above; specifically, how the projected numbers are both ambitious and feasible. (5 points)

The rationale for the projected enrollment figures is that Lakeside Charter Academy (LCA) had a 74% increase in enrollment between the 2018 - 2019 school year and the 2019 - 2020 school year. A growth of 12% of EDS students is ambitious for our area.

The enrollment projections are ambitious as our school would grow by 190 students over the course of 5 years. The projections are feasible as our school is showing a tremendous amount of growth over the past year, and there are no signs of slowing down or lack of interest in our

community. Our marketing plan and transportation initiatives will allow us to target Educationally Disadvantaged Students (EDS).

LCA is currently marketing for Educationally Disadvantaged Students by attending local community events in and around our surrounding areas. At the events, our staff provides information about our school which includes free giveaways and literature on why they should choose Lakeside Charter Academy. The brochures and information that is passed out are written in both English and Spanish. LCA also has a Spanish speaking staff member and parent at our tent throughout the event.

Lakeside Charter Academy has also created and distributed “yard signs” to go in our parents’ yards throughout their neighborhood as well as in shopping areas and busy intersections in order to attract EDS in the area. LCA has also printed multi-lingual literature that has been passed out to local preschools, restaurants, churches, and other businesses in the area. LCA has begun marketing to neighborhoods around the school that will enrich our school by targeting Educationally Disadvantaged Students.

Bi-weekly information sessions have been occurring since January to provide more information to prospective families. The information sessions discuss our Exceptional Children (EC) department, English Language Learner (ELL) department, and options for Free or Reduced Lunch as well as everything else about our school. LCA also has a translator at all of our information sessions to provide clarity to families when needed.

Local district schools in the area are facing overcrowding, and it is important for LCA to be another option for Educationally Disadvantaged Students. Lakeside Charter Academy provides a rigorous curriculum, small class sizes, and a tight knit school community that engages our families in school and outside of school.

A.2 Describe how the school plans to implement a weighted lottery. (5 points)

Lakeside Charter Academy will begin implementation of a weighted lottery beginning in the 2021 – 2022 school year. Lakeside Charter Academy will submit a request for an amendment to the charter to allow for a weighted lottery

The weighted lottery will provide priority to students that are educationally disadvantaged. The application will provide an area in which families can check boxes to identify as one of the six categories of educationally disadvantaged students.

First, staff members and board members children will be accepted. Next, EDS will be given priority into admission into LCA. Once the students have accepted their seat, Lakeside Charter Academy will ensure that the students do in fact fall into one of the subgroups that we are targeting. LCA will require documentation of IEPs, 504s, Home Language Surveys, and verification of household income.

B. Education Plan (30 points)

B.1 Provide a General Education Provision Act (GEPA) statement demonstrating how the school has or will eliminate any and all barriers to enrollment for educationally disadvantaged students. (2 points)

Lakeside Charter Academy does not put any restrictions on which students are accepted into our lottery. LCA accepts any student that is selected from the lottery. LCA does not discriminate against races, ability level, religion, or anything else along those lines.

Lakeside Charter Academy will be implementing a weighted lottery for the 2020 – 2021 school year. The weighted lottery will remain at Lakeside Charter Academy.

In compliance with section 427 of the U.S. Department of Education’s General Education Provisions Act (GEPA), Lakeside Charter Academy will ensure that the plan for identifying, selecting, retaining, and providing services to participants provides equitable access to and participation at LCA.

Lakeside Charter Academy’s mission is based on the belief that all students, no matter their race, socio-economic status, or academic ability, have the ability and deserve the opportunity to succeed in school. Our enrollment policy prohibits discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, home language, housing status, or need for special education services. Our student recruitment and enrollment practices will comply with all North Carolina state and federal standards.

In addition, our marketing and presentation materials explicitly state that we welcome all students regardless of academic history, behavioral history, special needs, 504 plans, IEPs, etc. LCA will employ a variety of strategies to ensure that all students are able to fully and successfully participate in our program, including those with special needs.

Lakeside Charter Academy is an equal opportunity employer and will comply with all applicable state and federal regulations regarding employment. We will ensure that students, teachers, staff, and community members will not encounter any barriers to equitable access or participation in our school on the basis of gender, race, national origin, color, disability, age, or sexual orientation.

B.2 Provide at least three (3) school-specific subgrant program goals. Subgrant goals must be SMART (specific, measurable, achievable, rigorous, and time-bound). (3 points)

1. In 2020 – 2021, Lakeside will begin moving towards 1:1 for all students in grades 3rd – 8th.
2. By 2021 – 2022 LCA will have a bus transportation system that will provide free transportation to and from school for up to 40 percent of our school. The bus will serve 60 students in year 1, and the 2 buses will serve up to 120 students the following 4 years.
3. Beginning in the 2020 – 2021 school year, our character education program will be revitalized with service projects, counselor trainings, parent information nights for mental health, and the staff will be continually trained in Restorative Practices to better

understand all of our students and families. In School Suspension (ISS), Out of School Suspension (OSS) and Referrals will drop 5% per year over 5 years.

4. By 2021 – 2022 LCA will have an outdoor literacy and healthful living areas to enrich students academically, physically, and mentally. The areas will make for happier students and staff as indicated on Teacher Working Conditions Surveys and student surveys.

B.3 Describe how the school’s academic program is or will be specifically tailored to meet the needs of educationally disadvantaged students. Include specific strategies the charter school currently uses or plans to use to serve educationally disadvantaged students. (10 points)

Lakeside Charter Academy currently serves EDS with our EC department, a part time ELL teacher, speech therapy, occupational therapy, physical therapy, and LCA offers free and reduced lunch. Our school is small, and going forward we want to provide more resources for our EDS.

LCA will contract a counselor to break down barriers in our school. The school is going to contract a translator to serve students and parents for conferences, information sessions, school functions, and communication that is sent home. LCA is doing a great job with making our budget stretch to serve our EDS population, however the grant will enable us to provide more resources for our Educationally Disadvantaged Students.

In an effort to fully embrace our mission of our school, and serve all of our students, Lakeside Charter Academy is going to implement and improve two areas. LCA is going to expand technology on campus and install an outdoor healthful living space.

Lakeside Charter Academy currently does not have any buses, and we know that we can recruit and service educationally disadvantaged students in the surrounding area with cluster stops. Adding cluster stops in the surrounding areas will remove barriers for them entering our school. LCA will target areas that are poverty stricken and areas that are multi-cultural in order to provide a fantastic education for all students in the North Charlotte area. LCA will acquire one bus for the 2020 – 2021 school year, and then purchase another bus for the 2021- 2022 school year. However, the bus will not only be used for transporting students to and from school.

Our buses will be used for community service projects throughout the surrounding areas of the school. The same areas in which our educationally disadvantaged students are coming from. One of our three pillars at LCA is “Citizenship.” Our “Citizenship” focus is on community service and student responsibility.

Each grade level will have a monthly service project in which students go out into the community and serve. Students will attend soup kitchens, retirement communities, hospitals, and much more. There is a widely accepted positive association between the level of educational attainment and volunteering (Finlay & Murray, 2005). Astin and Sax’s (1998) U.S. research found that volunteering can enhance students’ academic development, personal skills development, and sense of civic responsibility. Educationally Disadvantaged Students will benefit from all 3 of these areas at Lakeside Charter Academy.

The usage of buses will provide transportation to the locations as well as marketing for our school to continue to recruit students. The marketing will be an added bonus as the buses will have our school name and mascot on them to provide “free” marketing as the bus is carrying students throughout the area.

LCA will begin moving towards a 1:1 campus beginning in the 2020 – 2021 school year in grades 3rd – 8th. Lakeside is not only going to implement Chromebooks, but are going to provide licenses and jet packs for students that do not have internet at home. Jet packs are essential for our 1:1 initiative so that all students can complete homework and projects at home.

A jet pack is a mobile device that connects to the Chromebook in order to connect to the internet when WIFI is not available at the student’s home. These jetpacks will enable our EDS population to complete school assignments even if they do not have the internet, therefore, taking down a barrier in which they may have faced.

Students are more excited to learn when technology is used to enhance lessons and provide rich instruction. 1:1 technology allows teachers to differentiate more effectively and allows them to dive deeper into content rich instruction. Students also benefit from computers and technology. Sansone et al. (2011) addresses motivation and note that students who already have a greater interest in computers may display greater knowledge and interest because the tasks they may do on a computer are already relevant to their interests and they are able to make connections on their own. Our curriculum at LCA is rich in technology, and our students will be able to explore the vast curriculum as well as be excited about learning.

Our educationally disadvantaged students will continue to grow academically, but also improve in other areas that are often lacking when technology is introduced at a higher level. There will also be extensive and ongoing professional development for staff to adapt lesson plans to include technology. Students in 1:1 programs experience more engaging lessons, a student- centered approach to teaching and learning, collaborative opportunities, and even an increase in grades and higher attendance rates (Mama & Hennessy, 2013; Oliver & Com, 2008; Shih et al., 2011).

In serving all students, not only will LCA have a 1:1 initiative, but Smartboards will be installed in every classroom. Professional development will be provided so that staff can utilize the Chromebooks and Smartboards in order to best serve all students. It takes a lot of professional development and pushing by the principal to change how the technology is being used" (McLester, 2011, p. 38). Technology will enable our teachers to use programs to enrich students’ understanding, and students will have fun learning and be more engaged.

In order to best serve Educationally Disadvantaged Students, LCA is looking for ways to provide students to be outside more during the school day because as Sobel (2005) explains, emphasizing hands-on, real-world learning experiences enhance students’ appreciation for the natural world and creates a heightened commitment to serving as active, contributing citizens which in turn shapes caring adults. Our EDS will benefit from the outdoor learning experiences because of the fact that they may have never experienced seeing a butterfly come out of a cocoon or seeing a

cardinal up close, but rather just in a book. The outdoor learning area will provide our students with experiences that they would not have experienced if they were not a student at LCA.

By the 2021 – 2022 school year, Lakeside Charter Academy is going to construct outdoor literacy and healthful living areas to enrich students academically, physically, and mentally. The outdoor learning spaces will include, turf, round tables for collaboration, pitched roof for coverage, rock seats, bird feeders, and much more. Being outdoors gives students a chance to have fun and provides them a place to escape their stresses and fears (The Nature Conservancy, 2011). Students will have the ability to leave the traditional classroom, and learn outside in a sanctuary of learning in fresh air. This new method of learning creates enthusiasm and successful relationships among staff and students (Gibson, 2011). Students will have physical contact with plants and animals in an outdoor setting to improve retention and recall of learned material in addition to encouraging their motivation to learn (Broda, 2011). Not only does outdoor learning provide all students a better ability to recall and retain, but it also provides for better mental health. The connection of body, mind, and the outdoors is referred to by Louv (2011), as vitamin N, which is used to help enhance physical and mental health.

Lakeside Charter Academy's goal is to educate the entire child and ensure that they are successful academically, behaviorally, and mentally. We provide them the tools to be positive members of the community and the society as they become adults. In addition, emphasizing hands-on, real-world learning experiences enhance students' appreciation for the natural world and creates a heightened commitment to serving as active, contributing citizens which in turn shapes caring adults (Sobel, 2005).

Beginning in the 2020 – 2021 school year, our character education program will be revitalized with service projects, counselor trainings, parent information nights for mental health, and the staff will be continually trained in Restorative Practices to better understand Educationally Disadvantaged Students. We are constantly trying to assist our students and families with mental health issues that present themselves. LCA will contract a counselor for the 2020 – 2021 school year that will be available a few times per week to speak with students, and also provide professional development to the staff.

LCA will also partner with both students and families by implementing Scholastic FACE (Family and Community Engagement) in the 2020 – 2021 school year. FACE provides collaboration between the school and the families both inside and outside of the school walls.

The program helps both students and parents build and foster their literacy skills, and provide all members to be lifelong readers and learners. FACE comes with many resources that will be provided to families to help with literacy in their homes.

B.4 Explain how the charter school's education plan compares to or differs from that of the local LEA(s). (5 points)

LCA's education plan differs to that of our local LEA because Charlotte Mecklenburg Schools (CMS) just switched to EL Education for English language arts and Open Up Resources for math in the 2019 school year for grades Kindergarten through 6th grade. Lakeside provides our

students with rigorous curriculums including: Core Knowledge Language Arts, Shurley Grammar, and Math in Focus.

Hirsch (1987) believes cultural literacy is the most promising avenue of opportunity for disadvantaged children because it combats social determinism that often causes these students to remain in the same economic and educational conditions as their parents. Therefore, Lakeside Charter Academy boasts a rigorous literacy program with Core Knowledge Language Arts for all students.

The Core Knowledge Sequence provides a planned progression of specific knowledge in language arts, history, geography, math, science, and fine arts that is designed so that students build on knowledge from year to year, from prekindergarten through eighth grade (Hirsch, 1996). Sequenced knowledge ensures that students enter each grade prepared for new learning, and it also prevents repetition in the classroom. The sequence is designed to reduce repetition in teaching and level the playing field among students from varying backgrounds. (Core Knowledge Foundation, 2002).

Since literacy involves having a familiarity with a broad range of knowledge, the Core Knowledge curriculum provides all children, regardless of background, the shared knowledge they need in order to participate in a literate society (Core Knowledge Foundation, 2003). Hirsch (1987) believes cultural literacy is the most promising avenue of opportunity for disadvantaged children because it combats social determinism that often causes these students to remain in the same economic and educational conditions as their parents.

Shurley Grammar is also a part of our literacy curriculum. Educators should be deliberate about integrating movement into everyday learning. (Jensen, 1998). Shurley Grammar incorporates movement and jingles that are catchy so students retain the information in regards to literacy. Stahl and Fairbanks (1986) found that direct vocabulary instruction increases student comprehension of new material by 12 percentile points. Shurley Grammar offers: direct vocabulary instruction, word analogies, sentence revision with using synonyms and antonyms, and oral skill builder. In the area of reading, Shurley Grammar assists with a much-neglected area, fluency. Our literacy curriculum is not our only strong curriculum, our math program is one of the best in the world.

All of our students in grades kindergarten through 8th grade are taught mathematics through the Math in Focus curriculum. Math in Focus (Singapore Math) is the curriculum that many schools are using to bridge the academic gap. Math in Focus puts emphasis on real world problem solving while incorporating visual aids.

The textbooks are designed to build a “deep understanding of mathematical concepts with concrete illustrations that demonstrate how abstract mathematical concepts are used to solve problems from different perspectives” (Ginsburg et al., 2005, p. xii). This allows all students to understand the objective in which they are learning for the day.

“Singapore Math uses minimal text and simple, direct visuals. As a result, all students, regardless of language skills, focus on the math lesson. To allow all students to reach high levels of

conceptual understanding and use of skills, a consistent approach of concrete to pictorial to abstract pedagogy is repeatedly employed” (Great Source, 2009, p. 2).

B.5 Describe the school’s discipline and school climate philosophy and how it supports the development of educationally disadvantaged students. (5 points)

In order to best serve Educationally Disadvantaged Students at Lakeside Charter Academy, all staff will be trained in Restorative Practices in order to best serve our EDS population. We will have a team of 5 representatives from Restorative Practices come down and train staff prior to the 2020 – 2021 school year. The following year, the principal will fly to Texas to receive more training, and then bring the knowledge back to the staff. In year 3, parents of our school will be trained in the practices. This program will be completely implemented over 3 years. Restorative Practices build and grow relationships within the school community, and best serve our Educationally Disadvantaged Students.

Lakeside Charter Academy is committed to providing a safe, engaging, and supportive learning environment where all policies are enforced fairly and consistently. Student disciplinary regulations emphasize instruction and rehabilitation rather than punishment, and are designed to foster and reward appropriate behavior and keep students connected to school in a positive manner.

To ensure that students see the behaviors that they are to display, LCA staff models appropriate behaviors in the academic setting during the school day to cultivate a highly effective leadership environment that engages, embraces, and enriches children. The school leadership will uphold high expectations and remain responsible for establishing and maintaining a positive school environment that continuously cultivates respectful behavior among all students.

Lakeside Charter Academy will use positive affirmations and Restorative Practices for discipline for Educationally Disadvantaged Students. LCA wants to foster positive relationships with all stakeholders and build partnerships throughout the school community in order to best serve ED students.

School Climate Philosophy

Lakeside Charter Academy provides instruction and support necessary to meet students’ academic and behavioral needs, and identify fair and developmentally appropriate behavioral expectations for all members of the school community. Educators and other adults in the school should teach students to behave in ways that conform to these policies and contribute to academic success.

This is achieved by reinforcing positive behavior, preventing misbehavior before it occurs, supporting students in overcoming challenges, and fostering positive relationships among all members of the school community. Through positively reinforcing students’ acceptable behaviors, whether academic or social, the students and the teacher benefit academically, behaviorally, socially, and emotionally (Marion, 2007). According to Conroy, Sutherland, Snyder, Al-Hendawi, and Vo (2009), "Creating a positive and engaging classroom atmosphere is

one of the most powerful tools teachers can use to encourage children's learning and prevent problem behaviors from occurring" (p. 18). LCA will have these powerful tools to teach our Educationally Disadvantaged Students.

B.6 Describe how the school's calendar supports the development of educationally disadvantaged students. (5 points)

Lakeside Charter Academy is in session for 181 days throughout the calendar year. Our academic calendar ensures that students are learning and gaining knowledge throughout the school year. The calendar best serves our EDS because it aligns with the local LEA and local childcare facilities in being mindful with parents' work schedules.

The calendar also provides LCA to offer summer school enrichment programs to best serve our Educationally Disadvantaged Students.

C - Operations Plan - Provide responses to all the questions below regarding the operations plan proposed by the school. Additional evidence may be provided in Appendix E. This application section is worth up to thirty (30) points.

C.1 Detail any partnerships the charter school maintains or plans to develop to support educationally disadvantaged students, including a description of the roles and responsibilities of the applicant, partner organizations, and CMO/EMO, including the administrative and contractual roles and responsibilities of such partners. (2 points)

Lakeside Charter Academy has developed partnerships with many different organizations. Advanced Therapy provides physical therapy (PT) and occupational therapy (OT) for our students. Speech Language Corner and Confident Solutions provides speech therapy for our school. We will be developing partnerships with Restorative Practices and Scholastic Face through the grant. Boosterthon is a partner that helps with our fundraising effort through our "Fun Run." "Apple a Day" will be our catering company that provides lunch for all of our students, including free or reduced lunch.

Our current partnerships are on campus daily to serve EDS. Physical therapists, occupational therapists, and speech therapists are on campus daily to assist our Educationally Disadvantaged Students.

LCA has weekly assemblies in which local professionals come and speak to our students about their careers, and what it takes to be successful. EDS will learn from these professionals and find careers that may interest them. The professionals from the community have included, but not limited to: firefighters, police officers, chef, yoga instructor, 23-year Army Veteran, dentist, Joe Gibbs Leadership Team, authors, and many other professions. We want to show our Educationally Disadvantaged Students that you can be anything you want to be if you put hard work into your education.

Lakeside Charter Academy will be contracting a translator and counselor for the 2020 – 2021 school year to better serve the Educationally Disadvantaged Students.

C.2 Describe how the school’s staffing structure, capacity, and diversity will be sufficient to meet the needs of all students, particularly educationally disadvantaged students. (3 points)

Lakeside Charter Academy currently has 25 staff members with the majority being Caucasian, 4 African American members, and 1 Hispanic staff member. LCA will continue to diversify our staff in order to mirror the school’s diversity to serve Educationally Disadvantaged Students.

Lakeside Charter Academy (LCA) has a 14:1 student to staff ratio which allows our school to meet the needs of all students. LCA has 3 Exceptional Children (EC) teachers, 3 Teacher Assistants, 5 Special Area teachers, and 1 English Language Learner teacher in addition to our General Education teachers.

C.3 Describe the school’s marketing and recruiting plan, with an emphasis on strategies to provide outreach to the families of educationally disadvantaged students, including efforts to overcome any potential language barriers. (5 points)

LCA’s marketing plan includes: Information sessions every 2 weeks, Open Houses, “Spring Fling”, yard signs representing our school, attendance at local community events (2nd Friday Food Festivals, National Night Out, Earth Jam, ASC Art Festival, Tawba Walk), flyers to local businesses and restaurants, and social media posts on Facebook and Instagram. Lakeside Charter Academy has been doing many of the marketing strategies since the 2018 – 2019 school year, and we have enrolled a significant number of Educationally Disadvantaged Students with these approaches.

Current families take the yard signs, and put them in their neighborhood or busy intersections near their residence. LCA has already received applications stating that the yard signs made them contact our school.

We are reaching out to all families in our community, and we are overcoming potential language barriers by having teachers and parents attend community events that speak Spanish. Our promotional materials are also distributed in both English and Spanish. Foskett (2002) argues that “all aspects of an organization’s vision and strategy are linked to market analysis” (p. 248). LCA’s marketing efforts will be strategic and intentional in order to recruit and market in the areas of Educationally Disadvantaged Students.

Foskett (2002) explains, “Widening participation requires institutions and their staff to modify their culture and sometimes their values, and provides a good example of marketing acting as a catalyst for cultural change” (p. 253).

C.4 Describe how the school currently does or will provide a transportation plan that accommodates and supports educationally disadvantaged students. (5 points)

Our school does not currently offer bus transportation. However, our parents do provide carpool to several students, and some of our students are picked up by after school programs such as the YMCA. Lakeside Charter Academy is applying for 2 buses to serve all of our students. We would have 1 bus for the 2020 – 2021 school year to pick up Educationally Disadvantaged

Students and any of our student population. Our students would be picked up at cluster stops throughout our surrounding area. We will use a program that will map out students' addresses, and LCA will then select the stops based on population density and convenience. The bus will be offered on a first come first serve basis for students.

In 2021 – 2022 we will have a second bus that will help us pick up more Educationally Disadvantaged Students in the area. The buses will allow students to come to LCA that would have not been able to attend if transportation was not provided to them.

C.5 Describe how the school currently does or will provide a school lunch plan that accommodates and supports educationally disadvantaged students. Provide information about participation in the National School Lunch Program or a comparable, comprehensive lunch program. (5 points)

Lakeside Charter Academy currently provides 50 students (1/3 of our student population) with free or reduced lunch. Lunch is provided from local vendors: Tenders, Jason's Deli, Dominos, Which Wich, and Zaxbys. LCA uses the service of My Hot Lunchbox for food orders.

Beginning in March, LCA will provide free or reduced lunch through our "Apple a Day" catering company. LCA will ensure that all students receive lunch even if they cannot afford to purchase lunch. Lakeside will provide families with forms to fill out to ensure that the families meet the criteria for either free or reduced lunch. "Apple a Day" catering provides nutritious meals to all of our students.

C.6 Describe how the school's professional development plan supports and is tailored to the development of educationally disadvantaged students. (5 points)

As a regular practice, Professional Development is offered to staff throughout the year. Staff meetings which include PD, PLC's, vertical and horizontal planning are engaging, informative, and thought provoking. They include topics such as best practices in the classroom, technology, reading and math strategies, bullying prevention, and curriculum practices. Exceptional Children staff also provide professional development for all of our staff as well as our English Language Learner teacher. Our goal through Professional Development is to best serve our Educationally Disadvantaged Students

Our MTSS committee also has ongoing professional development for our staff that provides feedback from the classroom, best practices, trouble shooting, and provide interventions for students in our tiered model.

In 2020 – 2021, Lakeside Charter Academy will provide professional development in the areas of Technology, Restorative Practices, Scholastic FACE, and other professional development to serve educationally disadvantaged students.

Table 1 Professional Development and Funding

<i>Funding</i>	<i>Professional Development</i>
\$308,170.00	Technology
\$54,945.00	Restorative Practices
\$64,771.00	Scholastic FACE
\$75,000.00	Other (Curriculum, Other)

Table 2 Professional Development Training, Provider, Outcome

<u>Professional Development Training</u>	<u>Provider</u>	<u>Outcome</u>
Smartboard/ Computer Technology	Technocom, Staff	Vendor will provide training on technology aspect. Staff already knowledgeable in this area will train in the aspect of programs and how to use in the class room.
Restorative Practices	Restorative Practices (\$54,945.00)	Staff will be trained in order to best serve our Educationally Disadvantaged Students through building relationships of understanding.
Consultative Planning	Scholastic Education (\$3,999)	Staff will be able to articulate a family engagement definition, align organizational systems, and create grade-level strategies for effectively engaging families in supporting learning. And develop systems and structures for measuring impact of family engagement.
Family Engagement Assessment (FEA)	Scholastic Education (3-6-month process \$7998.)	Provides the school with essential information enabling them to analyze current conditions that create barriers to successful home school partnerships, offers insights on how to effectively build on school strengths.

Foundation of Family Engagement	Scholastic Education(\$3,999)	Staff will learn of core beliefs that must be present to build effective family partnerships. Assessments will identify where teachers are doing their best work in fostering family and community engagement and where work is needed.
Implementing Capacity-Building Literacy Events	Scholastic Education(\$3,999)	Participants will explore the research and learn strategies and practices to help them partner effectively with families, then learn to apply new ideas and strategies to their practice.
Effective Practices to Welcome ALL Families	Scholastic Education (\$3,999)	Participants will learn how to make a school's physical environment the starting point for effective family engagement. They will learn the difference between one-way and two-way communication, the importance of active listening and how to move from compliance to engaging families in an authentic partnership.
The Mapp Workshop Series (Reframing Family Engagement, Redesigning Family Engagement Events, Engaging Families in Learning Through the School Year)	Scholastic Education (3 workshops \$15,996)	Staff will learn the best practices of Dual Capacity-Building Framework for Family-School Partnerships. The will learn how to partner with families to support student learning that contributes to overall school improvement.
Read and Rise Implementation Training	Scholastic Education (1 day onsite \$5,500)	Scholastic will train staff to be facilitators who in turn will train parents on strategies for building literacy at home before students enter school. Focus will be on new Kindergartens.

C.7 Describe the school's plan to engage families and implement a parent/community advisory council. (5 points)

Lakeside Charter Academy has started a parent/community advisory council, named the Parent Action Team (PAT) this year in order to engage parent and community involvement. The PAT has approximately 30 families participating so far, and are organizing events to involve the community. The PAT will be tasked with going into the community and recruiting Educationally

Disadvantaged Students. We currently have EDS parents serving on the PAT that have begun recruiting in their neighborhoods.

Some of the events that are being organized are; Charlotte Checkers Day with LCA (Students singing “Our Country Tis of Thee), Charlotte Knights game, “Bear Run” which will be our biggest fundraiser and involve community sponsorships. Community businesses have provided coffee for staff on the first every month, monetary donations, food donations for EDS, and staff lunches for teacher workdays.

The PAT organization has also made subcommittees that include: Facilities/Grounds, Special Events, Staff Appreciation, Fundraising, and Technology.

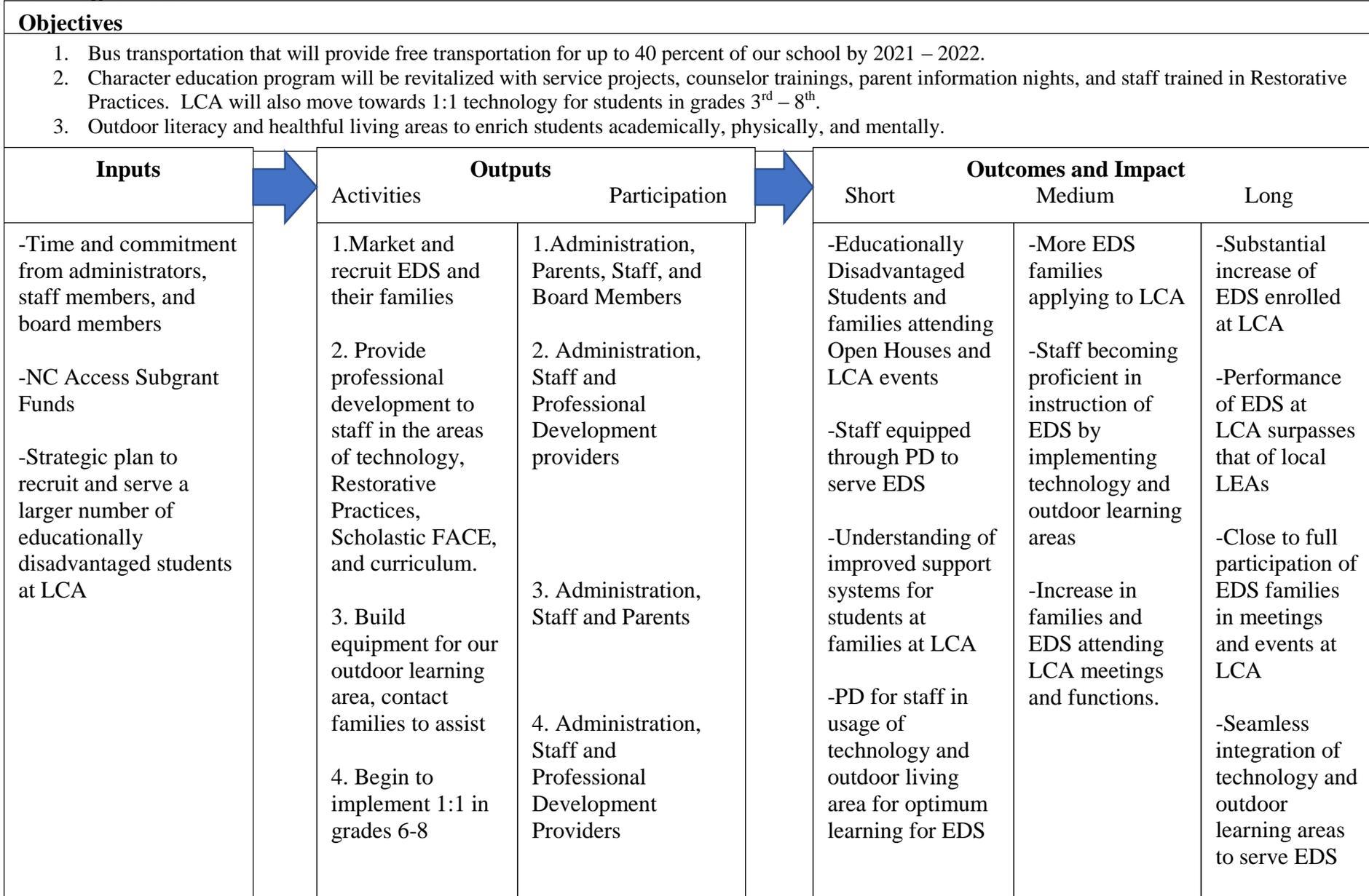
Additional programs through Scholastic Education, designed to support staff outcomes while creating a partnership with families and communities will include Reading, Excel, Achieve, Lead (REAL), Lit Camp Plus, Scholastic Literary Events (SLE). Through assessments and teacher recommendations students will be identified that will participate in REAL, Lit Camp Plus. Teachers will assist in coordinating SLE based on the needs of the students and their families. Students identified as needing these programs will be offered the opportunity to participate. Additional students will be offered opportunities on availability.

Table 3 Program, Provider, Outcomes

Program	Provider	Outcomes
Scholastic REAL	Scholastic Education (4 months \$14 to \$33 depending on grade level) Rotation of 25 throughout a year)	Provides the capabilities, tools and structures needed to recruit, develop, deliver and sustain a successful community mentoring program that connects, inspires, develops, and encourages student’s literacy skills.
Lit Camp Plus	Scholastic Education (Each grade level K-6 \$1,100.00, 6-7 \$800.00, 7-8 \$812.00)	Four-to-eight-week literacy program combining innovating, research-based reading and writing lessons with an engaging and interactive summer camp approach. Enables children to improve their skills while rediscovering their natural motivation, curiosity, and confidence. Includes 7 Strengths 100-book collection, the independent

		reading library built on the 7 strengths philosophy of Belonging, Friendship, Curiosity, Kindness, Confidence, Courage, and Hope. These titles can be provided to the children for independent reading time and to help build their home libraries after LitCamp Plus
Scholastic Literacy Events (SLE)	Scholastic Education (\$400 per event, offered 2x per year, supports 30 families, focus can be reading only, reading/writing, summer reading. Grade specific.	Program supports student fluency and comprehension, encourages families and children to read together, reinforces reading development at home, and builds sustainable partnerships between educators and families.

LCA Logic Model



Assumptions: Staff Buy In through PD of technology and outdoor learning, Increased marketing will increase LCA’s EDS population

External Factors: Opening of charter schools in the area, change in demographics of the school community

NC ACCESS PROGRAM SUBGRANT BUDGET

Instructions

All NC ACCESS Program applicants are required to complete and submit a subgrant budget using this electronic template. This workbook requires applicants to outline the details of their proposed budget. Certain portions of this template are locked for editing and will calculate subtotals and totals automatically and check for errors.

General Budget Template Comments

1. This excel file is protected. Cells highlighted in white may be typed in or edited; gray cells cannot and should not be edited.
2. Use the ZOOM feature to change the size of the information on the screen. This will not affect your printout.
3. Do not erase a cell entry with the spacebar, but instead use the 'Delete' key on the keyboard.
4. If you need more than 50 rows for any budget detail tab, please contact the NC ACCESS team.
5. If a red error message appears on the budget summary tab, please review the error message below the budget summary and make the correction.

Budget Instructions

Follow the steps outlined below to complete and submit the budget.

1. Budget Projections: Below is a list of all tabs contained within this workbook. Complete the subgrant budget template with all required information.

Tab 1b - Cover Page: Complete this cover page by entering all the required information in the cells highlighted in white. Also, ensure you select the appropriate subgrant type for which you are applying.

Enter the school name, select the subgrant award type, enter the date, and enter contact information. Funding summary information will auto-populate.

Tab 2 - Budget Summary: There is nothing to complete on this tab. The budget summary will calculate based on information provided on the yearly budget detail tabs. Please validate all errors and check all calculations prior to submitting.

**Note: Tab is locked for editing. If you have calculation issues, please contact the NC ACCESS team.*

Tab 3 - Planning Year: Complete this tab for all planning period expenditures. Only Planning and Implementation and Replication subgrant applicants will utilize this tab.

Complete each line item by selecting the appropriate budget category, entering the item/expense, outlining the quantity and unit price of each item, and describing the purpose of the item/expense in the notes.

**Note: The 'Total Cost' column is locked for editing. If you have calculation issues, please contact the NC ACCESS team.*

Tabs 4-7 - Year 1-4 Implementation: Complete these tabs for all implementation expenses. Complete only tabs necessary for the years needed to implement NC ACCESS funds.

Complete each line item by selecting the appropriate budget category, entering the item/expense, outlining the quantity and unit price of each item, and describing the purpose of the item/expense in the notes.

**Note: The 'Total Cost' column is locked for editing. If you have calculation issues, please contact the NC ACCESS team.*

Tab 8 - Year 5 Implementation: This tab is only applicable if the applicant has not already budgeted for five (5) years of subgrant funding (including a planning year). Complete this tab similarly to tabs 4-7 above.

3. Data Validation and Allowability: Please review all expenditures, descriptions, and calculations before submitting. If you receive any red error messages in the document, please review the error message instructions and make any necessary corrections.

Note: This workbook will **not validate for allowable costs. Please review the NC ACCESS Subgrant RFA and Applicant Guidance posted on the NC ACCESS website (<https://www.dpi.nc.gov/students-families/innovative-school-options/charter-schools/nc-access-program>) and review all federal guidance and regulations to check for allowability of expenses.*

4. Saving and Submitting: Save this workbook (Save As) as both an excel document AND pdf. The pdf should be included as part of the full application submission. Applicants must also submit an excel version separately.

5. Resources and Support: Refer to to the NC ACCESS Subgrant RFA and Application Guidance Document for additional budget information. Additionally, check the NC ACCESS website (<https://www.dpi.nc.gov/students-families/innovative-school-options/charter-schools/nc-access-program>) for technical assistance training dates and locations. Contact the NC ACCESS team with any questions.

NC ACCESS PROGRAM SUBGRANT BUDGET

Directions for completing this workbook are found on tab 1a-Instructions.

Name of Charter School: **Lakeside Charter Academy**
 Authorizer Name: **North Carolina State Board of Education**

Select Subgrant Award Type: **Expansion**
 Maximum Award Amount: **\$ 1,250,000.00**
 Award Amount Requested: **\$ 1,079,536.00**
 Date: **February 20,2020**

Name of person completing this report:

Name: **Susanne George**
 Phone: **704-896-9500**
 E-mail: s.george@lakesidecharteracademy.com

Name of person to be contacted regarding budget questions:

Name: **Susanne George**
 Phone: **704-896-9500**
 E-mail: s.george@lakesidecharteracademy.com

Program Contact: For all application, budget, or other program-related questions contact the NC ACCESS team at:
 (919) 807-3981 or NCACCESS@dpi.nc.gov

Funding Request

Cost Category	Planning Year	Year 1 Implementation	Year 2 Implementation	Year 3 Implementation	Year 4 Implementation	Year 5 Implementation
Instructional Program	\$ -	\$ 275,961.00	\$ 93,905.00	\$ 98,300.00	\$ 105,500.00	\$ 109,300.00
Support Program	\$ -	\$ 111,745.00	\$ 109,175.00	\$ 55,750.00	\$ 60,550.00	\$ 59,350.00
Total:	N/A	\$ 387,706.00	\$ 203,080.00	\$ 154,050.00	\$ 166,050.00	\$ 168,650.00

NC ACCESS PROGRAM SUBGRANT BUDGET

Budget Request Summary

Applicant Name: Lakeside Charter Academy

Subgrant Type: Expansion

Budget Category	Planning Year	Year 1 Implementation	Year 2 Implementation	Year 3 Implementation	Year 4 Implementation	Year 5 Implementation*	Total
INSTRUCTIONAL PROGRAM							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Provided Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees and Contracted Services	\$ -	\$ 70,996.00	\$ 36,500.00	\$ 33,500.00	\$ 26,000.00	\$ 26,000.00	\$ 192,996.00
Supplies and Materials	\$ -	\$ 41,700.00	\$ 41,700.00	\$ 49,200.00	\$ 52,700.00	\$ 49,700.00	\$ 235,000.00
Technology and Equipment	\$ -	\$ 158,265.00	\$ 15,705.00	\$ 15,600.00	\$ 26,800.00	\$ 33,600.00	\$ 249,970.00
Travel, Conferences, and Meetings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00
Subtotal Instructional Program	\$ -	\$ 275,961.00	\$ 93,905.00	\$ 98,300.00	\$ 105,500.00	\$ 109,300.00	\$ 682,966.00
SUPPORT PROGRAM							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Provided Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees and Contracted Services	\$ -	\$ 52,800.00	\$ 53,300.00	\$ 55,000.00	\$ 59,800.00	\$ 58,600.00	\$ 279,500.00
Supplies and Materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Technology and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Conferences, and Meetings	\$ -	\$ 3,945.00	\$ -	\$ -	\$ -	\$ -	\$ 3,945.00
Other	\$ -	\$ 55,000.00	\$ 55,875.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 113,125.00
Subtotal Support Program	\$ -	\$ 111,745.00	\$ 109,175.00	\$ 55,750.00	\$ 60,550.00	\$ 59,350.00	\$ 396,570.00
Grand Total	N/A	\$ 387,706.00	\$ 203,080.00	\$ 154,050.00	\$ 166,050.00	\$ 168,650.00	\$ 1,079,536.00

Error Messages (Be sure to clear all errors before submission.)

IV. Budget/Budget Narrative

A. Describe anticipated costs for the duration of the grant period

An award of the NC ACCESS grant would enable Lakeside Charter Academy to fully implement the Three Pillars of Education vision with students, staff and the community. LCA is committed to supplementing the grant with general operating funds over the grant period.

Transportation: The purchase of two buses (\$110,000/11%) in the first two years of the grant will broaden our reach into other communities for Educationally Disadvantaged Students. Newer buses would lower the maintenance costs leaving more funds for education and community outreach. (\$110,000/11% of grant funding)

Technology: Technology would help close any gaps in EDS as well as link students and teachers to professional content that can't be found in a textbook. Beginning in the first year, a 1-to-1 program will be initiated starting with grades 6th through 8th and will expand to the 3rd grade by year four. Kindergarten through 2nd grade would receive 64 chrome books with 2 carts in year five. Old and inadequate staff computers would be replaced eight per year over the five years. Jet packs would also be purchased to provide access to relevant technology resources at home for students without internet connections. Smart boards would be installed in 12 classrooms through the school for increased interactivity in the classroom. LCA would also contract out the necessary IT in order to keep the technology functioning properly. (\$308,170 /29% of grant funding)

Professional/Student/Community Development: LCA will be working with consultants from Restorative Practices and Family and Community Engagement (FACE) to provide training to staff, students and families. Community and parent reading mentors will be trained to use Reading, Excel, Achieve, and Lead (REAL) a program that connects mentor, student and family together to increase literacy. Other programs include Scholastic's Education Literary Event; a family event that involves activities and books the attendees take home to increase their library, and Literacy Camp Plus that strengthens reading during the summer months. Read and Rise, a program that provides hands on strategies for parents before their children enter the school environment, will be implemented in year three. Other onsite professional development, including technology training for students and staff, will take place over the life of the grant. (\$183,971/17% of grant funding)

Furniture Fixtures and Equipment: Over the course of the grant, student enrollment will grow from 210 to over 400 students with 45% being EDS students. With a rapidly growing student population that will be a need for additional furniture, fixtures and equipment. LCA currently has inventory to sustain growth through years one and two. Additional furniture fixtures and equipment will be needed in years three through five to build a fitting classroom space for the influx of students. Advertising materials and signs have been planned for all five years in order to draw families to the school. Other materials including; art materials, library books, manipulatives, pencils, writing paper, incentives and other additional materials will support educationally disadvantage students as well as support curriculum for EC, ELL and SEL programs. Chairs will be purchased the second and subsequent years to accommodate students

during assemblies, and family events that will be held in the multi-purpose room. Tables for student learning activities will be purchased the first year only. Classroom furniture that supports academic, learning, developmental and/or intellectual disabilities and the growing population of Educationally Disadvantaged Students will be implemented. A laminator that will aid all teachers is included. (\$196,000/19% of grant funding)

Outdoor Learning Center/Playground: Lakeside Charter Academy is excited to implement an innovative outdoors learning center. The space will include stepping mushrooms and logs, reading benches, and tables. Portions of the area will be covered while the whole area will be leveled and turfed. Students, families and the community will benefit from such a space. (\$107,000/10% of grant funding)

Contracted Services: The anticipated Educationally Disadvantage Students will include a growing population of ELL students, therefore funds for a translator over the 5-year period have been included. ESL teachers are not very prevalent and difficult to find, currently, we have a teacher that has embraced teaching ELL, but is not certified in that area. LCA would prefer to certify individuals on staff than leave the students unserved while looking for the right fit. A counselor will be contracted for up to thirty hours, to assist students with mental health, social, emotional and academic issues and character education as well as train staff in our character education programming over the five years. (\$136,900/13% of grant funding)

B. Financial Viability beyond expiration of grant period.

The NC Access Grant Expansion Subgrant will provide the funding for the growing population of Educationally Disadvantage Students that Lakeside Charter Academy is committed to support and educate. The goals we have set in place will continue to sustain themselves beyond the grant period.

The NC Access Grant will give LCA the opportunity to have a contracted counselor. This is not the optimal solution for the growing needs of the student population but it is one that will allow us time, through student growth, to grow the budget to where we can afford a staff counselor. A 1% increase is included each year to accommodate price increases. The school's goal is to hire a counselor by the end of the grant period. Should the needs of the students increase during the life of the grant, Lakeside Charter Academy is prepared to cover the difference in cost.

Currently, LCA does not have IT on staff. The grant would allow the school to have contracted IT for up to 30 hours per week to assist with the growth of the 1 to 1 program and lend support to the staff. LCA understands the need to have IT on staff to work with student, staff computers and help maintain servers. As the funds increase due to student growth, the school will budget funds to bring IT on staff.

The school is prepared to use operating funds to pay for insurance, fuel and maintenance for the buses. The intention behind purchasing newer buses is to reduce the cost of maintenance allowing the school to reach the financial level to sustain them. Bus donations may be required to offset a portion of their cost. Licensing of a teacher in ELL and hiring staff that are bilingual will help to sustain the need for a translator.

Lakeside will use fundraising in order to continue Literacy Camp Plus, REAL and Scholastic Education Literary events. Currently, the school is working with Boosterthon to learn how to implement a fundraiser that reaches out into the community for support from corporate donors, businesses and foundations. This ongoing form on fundraising will help to alleviate financial burdens that Educational Disadvantaged Students' families might feel.

Lakeside Charter Academy will continue to seek grant opportunities that will assist in sustaining our goals and visions. This will allow operating funds to absorb the cost of some these initiatives. The school has had a difficult past financially, but changes have been implemented to reverse weak fiscal practices including a new director and business manager that have an academic and financial vision for the school. Findings from audit 2017 included; adjustment to errors in accounts receivables, payroll and other various errors, reconciling cash balances to the general ledger, balancing state reports in a timely manner, and not including the 'no indebtedness' statement in contracts and leases. These findings were remedied by partnering with Acadia Northstar LLC with the exception of the 'no indebtedness statement which was taken care of at the school level. Audit 2018 had no findings. Findings in the 2019 audit included not running criminal background checks on employees, a lapse on worker compensation insurance and over spending of general funds for the year. Background checks were immediately run on all employees and workers comp insurance reinstated. In order to avoid over spending, monthly cash flow budgets were created and spending reduced. A Parent Action Team (PAT) was implemented to assist with fundraising and a partnership with Boosterthon was established to optimize fundraising efforts.

C. Describe how the applicant will have a high degree of autonomy over the budget and operations.

Lakeside Charter Academy will have complete autonomy over the NC Access Grant budget and its operations. As a charter school, we are independent and in full control of the school's operating budget and its funds. The current administration and staff are dedicated to sound fiscal management processes and procedures that ensure fiscal responsibility. Our board is in full support of the grant and is working diligently, with the school, to be sure fiscal responsibility is maintained. Implementation of the grant, the disbursement of its funds, and the achievements of its programs, will be monitored and measured. This will be accomplished by maintaining a separate budget for grant funds. Expenses will be recorded and submitted to the director and the board for weekly approval. A budget summary will be given monthly at the board meetings to review monthly expenses as they pertain to the grant goals. Goals that are not being met will be discussed and reevaluated with new directions on how to meet the overall yearly goals of serving, educating and supporting the mental, social and emotional needs of Educationally Disadvantage Students.

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**THUNDERBIRD PREPARATORY
ACADEMY**

Audited Financial Statements

June 30, 2017

THUNDERBIRD PREPARATORY ACADEMY

Cornelius, North Carolina

Audited

Financial Statements

For

The Year Ended

June 30, 2017

Thunderbird Preparatory Academy
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As of June 30, 2017

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FINANCIAL SECTION



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Thunderbird Preparatory Academy
Cornelius, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thunderbird Preparatory Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Thunderbird Preparatory Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thunderbird Preparatory Academy, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Thunderbird Preparatory Academy will continue as a going concern. As discussed in Note VI to the financial statements, the School's enrollment is down and the School has not been able to make rent or debt payments due to cash flow issues. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note VI. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 8-16 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thunderbird Preparatory Academy's basic financial statements. The combining and individual non-major fund financial statement, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for the purpose of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* ((CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Implementation Act*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financials statements, budgetary schedules, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of Thunderbird Preparatory Academy'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Thunderbird Preparatory Academy's internal control over financial reporting and compliance.

Pott + Company P.A.

October 31, 2017
Concord, North Carolina

Management's Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017

As management of the Thunderbird Preparatory Academy, we offer readers of the Thunderbird Preparatory Academy's financial statements this narrative overview and analysis of the financial activities of the Thunderbird Preparatory Academy for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements which follow this narrative.

Financial Highlights

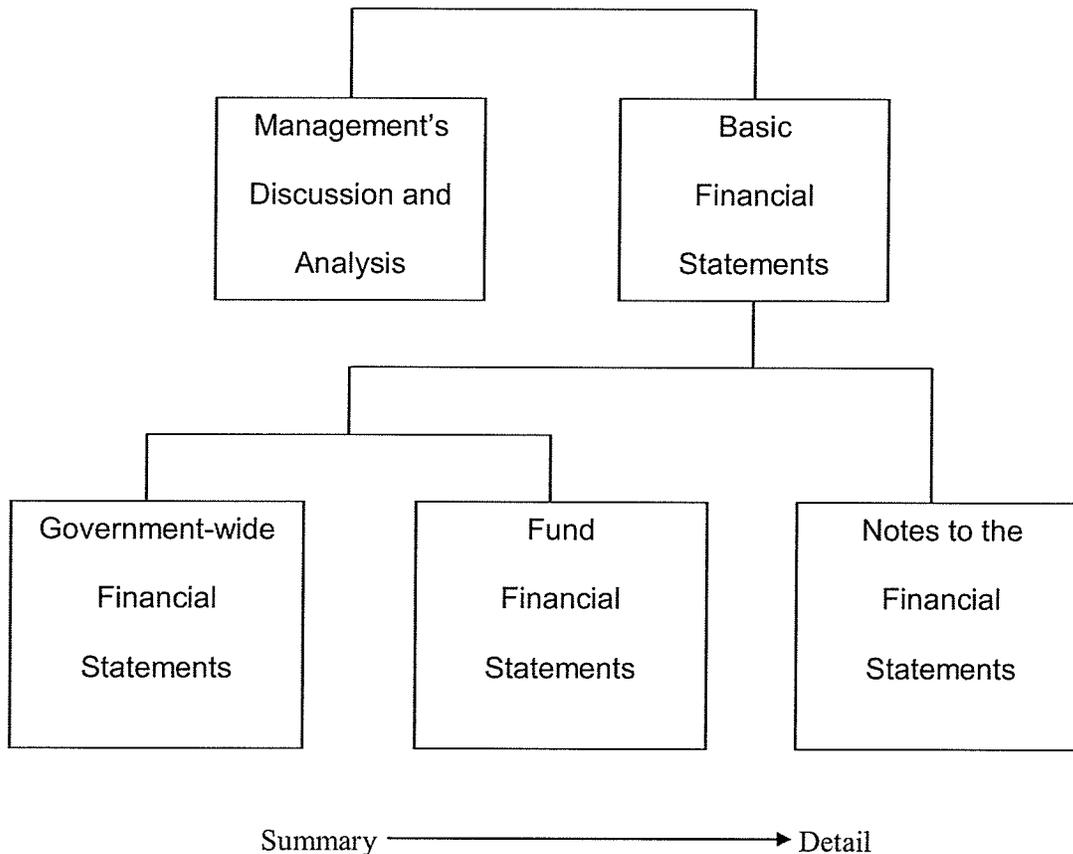
- The assets of the Thunderbird Preparatory Academy exceeded its liabilities and deferred inflows at the close of the fiscal year by \$32,867 (*net position*).
- The government's total net position decreased by \$280,234
- As of the close of the current fiscal year, the Thunderbird Preparatory Academy's governmental funds reported combined ending fund balances of \$32,232

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Thunderbird Preparatory Academy's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Thunderbird Preparatory Academy.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and how they have changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide virtually all of the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide. These include the Child Care services offered by the Thunderbird Preparatory Academy.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Thunderbird Preparatory Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of Thunderbird Preparatory Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Thunderbird Preparatory Academy adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Because the budget is not legally required by the Statutes, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted.

Proprietary Funds – Thunderbird Preparatory Academy has a proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Thunderbird Preparatory Academy uses enterprise funds to account for its child care functions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as one useful indicator of a school's financial condition. The assets of Thunderbird Preparatory Academy exceeded liabilities and deferred inflows of resources by \$32,867 as of June 30, 2017. The School's net position decreased by \$280,234 for the fiscal year ended June 30, 2017. Thunderbird Preparatory Academy uses capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Thunderbird Preparatory Academy's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

The Thunderbird Preparatory Academy's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 160,588	\$ 424,278	\$ 166,703	\$ 157,883	\$ 327,291	\$ 582,161
Capital assets	257,664	46,058	-	-	257,664	46,058
Total assets	\$ 418,252	\$ 470,336	\$ 166,703	\$ 157,883	\$ 584,955	\$ 628,219
Long-term liabilities outstanding	\$ 349,470	\$ 315,118	\$ -	\$ -	\$ 349,470	\$ 315,118
Other liabilities	202,029	-	589	-	202,618	-
Total liabilities	\$ 551,499	\$ 315,118	\$ 589	\$ -	\$ 552,088	\$ 315,118
Net Position:						
Net investment in capital assets	\$ 205,920	\$ 46,058	\$ -	\$ -	\$ 205,920	\$ 46,058
Unrestricted	(339,167)	109,160	166,114	157,883	(173,053)	267,043
Total Net Position	\$ (133,247)	\$ 155,218	\$ 166,114	\$ 157,883	\$ 32,867	\$ 313,101

Several particular aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School's performance was measured using these budgets on a monthly basis, allowing changes in spending as needed to stay within the budget.
- The School applied for and was awarded a federal grant to assist with the expenses of meeting the education needs of special needs children.

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

**Thunderbird Preparatory Academy Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 161,542	\$ 220,758	\$ 161,542	\$ 220,758
Operating grants and contributions	99,764	340	-	-	99,764	340
General revenues:						
County, State, and Federal funds	1,282,695	3,701,151	-	-	1,282,695	3,701,151
Other	67,862	1,443,401	-	-	67,862	1,443,401
Total revenues	1,450,321	5,144,892	161,542	220,758	1,611,863	5,365,650
Expenses:						
Instructional services	1,205,243	2,798,117	-	-	1,205,243	2,798,117
System-wide support services	547,545	1,837,314	-	-	547,545	1,837,314
Child care	-	-	58,017	139,148	58,017	139,148
Interest on long-term debt	81,292	52,282	-	-	81,292	52,282
Total expenses	1,834,080	4,687,713	58,017	139,148	1,892,097	4,826,861
Increase in net position before transfers	(383,759)	457,179	103,525	81,610	(280,234)	538,789
Transfers	95,294	-	(95,294)	-	-	-
Increase (decrease) in net position	(288,465)	457,179	8,231	81,610	(280,234)	538,789
Net position, July 1	155,218	(301,961)	157,883	76,273	313,101	(225,688)
Net position, June 30	\$ (133,247)	\$ 155,218	\$ 166,114	\$ 157,883	\$ 32,867	\$ 313,101

Governmental activities: Governmental activities decreased the School's net position by \$288,465.

Business-type activities: Business-type activities increased the Thunderbird Preparatory Academy's net position by \$8,231, accounting for 100% of the total growth in the school's net position in the business-type activities. Key elements of this increase are as follows:

- By adopting a budget for each of the enterprise funds that comprise the business-type activities, the Board is able to monitor the School's revenues and expenditures and adjust their estimates as needed during the year.

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

Financial Analysis of the School's Funds

As noted earlier, the Thunderbird Preparatory Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Thunderbird Preparatory Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Thunderbird Preparatory Academy's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Thunderbird Preparatory Academy. At the end of the current fiscal year, unassigned and total fund balance of the General Fund was \$31,085 and nonspendable fund balance was \$1,147.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Child Care Fund at the end of the fiscal year amounted to \$166,114. Other factors concerning the finances of this fund have already been addressed in the discussion of the School's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Thunderbird Preparatory Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$257,664 (net of accumulated depreciation). These assets include equipment and furniture, and electronic equipment, leasehold improvements and construction in progress.

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

**Thunderbird Preparatory Academy's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Construction in progress	\$ 51,744	\$ -	\$ -	\$ -	\$ 51,744	\$ -
Leasehold Improvements	165,794	-	-	-	165,794	-
Computer equipment	26,474	30,501	-	-	26,474	30,501
School furnishings	13,652	15,557	-	-	13,652	15,557
Total	\$ 257,664	\$ 46,058	\$ -	\$ -	\$ 257,664	\$ 46,058

Additional information on the School's capital assets can be found in note II.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2017, the Thunderbird Preparatory Academy had total debt outstanding of \$349,470.

**Thunderbird Preparatory Academy's Outstanding Debt
Note Payable and Capital Leases**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Note payable - ACD	\$ 103,119	\$ 115,118	\$ -	\$ -	\$ 103,119	\$ 115,118
Note payable - ALK	200,000	200,000	-	-	200,000	200,000
Note payable - ACD	46,351	-	-	-	46,351	-
Total long term obligations	\$ 349,470	\$ 315,118	\$ -	\$ -	\$ 349,470	\$ 315,118

**Management Discussion and Analysis
Thunderbird Preparatory Academy
June 30, 2017**

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The low unemployment rate (4.9%) in the tri-county area has increased revenues in the three counties and contributed to the increased funding to all public schools in the area, including charter schools.
- Though cutbacks in federal funding to education have resulted in a reduction of federal revenue for the School of 5% over the next year, the increase in the School's enrollment will generate more revenue overall.
- The high growth rate (20%) of the tri-county area should increase the number of students in the School over the next three years. The School estimates growth in enrollment to continue at a 10–15% increase each year for the next three years.
- Budget is adjusted based on number of students to bring expenses down.
- Marketing and rebranding are one of the top priorities to increase enrollment.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Thunderbird Preparatory Academy, 17609 Old Statesville Rd, Cornelius NC 28031, telephone (704) 412-1024

FINANCIAL STATEMENTS

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF NET POSITION
June 30, 2017

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 155,457	\$ 52,794	\$ 208,251
Accounts receivables	3,984	2,160	6,144
Due from other funds	-	111,749	111,749
Prepaid expenses	1,147	-	1,147
Capital assets			
Other capital assets, net of depreciation	257,664	-	257,664
Total Assets	418,252	166,703	584,955
LIABILITIES			
Accounts payable and accrued expenses	16,607	589	17,196
Accrued interest payable	73,673	-	73,673
Due to other funds	111,749	-	111,749
Long-term liabilities:			
Due within one year	349,470	-	349,470
Due in more than a year	-	-	-
Total Liabilities	551,499	589	552,088
NET POSITION			
Net investment in capital assets	205,920	-	205,920
Unrestricted	(339,167)	166,114	(173,053)
Total Net Position	\$ (133,247)	\$ 166,114	\$ 32,867

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total Governmental Activities
Primary government:						
Governmental Activities:						
Instructional services	\$ 1,205,243	\$ -	\$ 99,764	\$ (1,105,479)	\$ -	\$ (1,105,479)
System-wide support services	547,545	-	-	(547,545)	-	(547,545)
Interest on debt	81,292	-	-	(81,292)	-	(81,292)
Total governmental activities	1,834,080	-	99,764	(1,734,316)	-	(1,734,316)
Business-type activities:						
Child Care	58,017	161,542	-	-	103,525	103,525
Total business-type activities	58,017	161,542	-	-	103,525	103,525
Total primary government	\$ 1,892,097	\$ 161,542	\$ 99,764	(1,734,316)	103,525	(1,630,791)
General revenues:						
Unrestricted county appropriations				392,838	-	392,838
Unrestricted State appropriations				889,857	-	889,857
Miscellaneous, unrestricted				67,862	-	67,862
Transfers				95,294	(95,294)	-
Total general revenues, special items, and transfers				1,445,851	(95,294)	1,350,557
Change in net position				(288,465)	8,231	(280,234)
Net position - beginning				155,218	157,883	313,101
Net position - ending				\$ (133,247)	\$ 166,114	\$ 32,867

The accompanying notes are an integral part of this statement.

THUNDERBIRD PREPARATORY ACADEMY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

Exhibit 3

	Major Funds			Totals
	General	State Public School	Total Non- major Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 155,457	\$ -	\$ -	\$ 155,457
Accounts receivable	3,984	-	-	3,984
Prepaid expenses	1,147	-	-	1,147
Total Assets	\$ 160,588	\$ -	\$ -	\$ 160,588
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16,607	\$ -	\$ -	\$ 16,607
Due to child care fund	111,749	-	-	111,749
Total Liabilities	128,356	-	-	128,356
Fund Balances:				
Nonspendable:				
Prepaid expenses	1,147	-	-	1,147
Unassigned	31,085	-	-	31,085
Total Fund Balances	32,232	-	-	32,232
Total Liabilities and Fund Balances	\$ 160,588	\$ -	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 257,664

Some liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds (349,470)

Accrued interest payable included in the statement of net position did not require use of resources in current year (73,673)

Net position of governmental activities \$ (133,247)

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

Exhibit 4

	Major Funds			Total Governmental Funds
	General	State Public School	Total Non-major Federal Funds	
Revenues				
State of North Carolina	\$ -	\$ 889,857	\$ -	\$ 889,857
U. S. Government	-	-	99,764	99,764
County Appropriations	392,838	-	-	392,838
Other	67,862	-	-	67,862
Total Revenues	<u>460,700</u>	<u>889,857</u>	<u>99,764</u>	<u>1,450,321</u>
Expenditures				
Current:				
Instructional services	379,011	716,539	99,764	1,195,314
System-wide support services	423,719	122,723	-	546,442
Capital outlay	172,043	50,595	-	222,638
Debt service:				
Principal	17,392	-	-	17,392
Interest	7,619	-	-	7,619
Total Expenditures	<u>999,784</u>	<u>889,857</u>	<u>99,764</u>	<u>1,989,405</u>
Excess (deficiency) of revenues over expenditures	<u>(539,084)</u>	<u>-</u>	<u>-</u>	<u>(539,084)</u>
Other Financing Sources (Uses)				
Loan proceeds	51,744	-	-	51,744
Transfers from other funds	95,294	-	-	95,294
Total other financing sources	<u>147,038</u>	<u>-</u>	<u>-</u>	<u>147,038</u>
Net change in fund balance	(392,046)	-	-	(392,046)
Fund Balances :				
Beginning of Period	<u>424,278</u>	<u>-</u>	<u>-</u>	<u>424,278</u>
End of Period	<u>\$ 32,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,232</u>

THUNDERBIRD PREPARATORY ACADEMY
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, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (392,046)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were greater than depreciation in the current period</p>	
	211,606
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net differences in the treatment of long-term debt and related items</p>	
	(34,352)
<p>Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the funds</p>	
Difference in accrued interest payable and interest expensed on fund statements	(73,673)
Total changes in net position of governmental activities	\$ (288,465)

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2017

Exhibit 6

	Child Care
ASSETS	
Cash and cash equivalents	\$ 52,794
Accounts receivable	2,160
Due from general fund	111,749
Total Assets	166,703
 LIABILITIES	
Accounts payable	589
Total Liabilities	589
 NET POSITION	
Unrestricted	166,114
Total Net Position	\$ 166,114

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2017

Exhibit 7

	Child Care
OPERATING REVENUES	
Child care fees	\$ 161,542
Total operating revenues	161,542
OPERATING EXPENSES	
Salaries and benefits	13,591
Materials and supplies	3,481
Contracted services	23,979
Other	16,966
Total operating expenses	58,017
Operating income	103,525
NONOPERATING EXPENSES	
Transfers to other funds	(95,294)
Change in net position	8,231
Total net position, beginning of year	157,883
Total net position, end of year	\$ 166,114

THUNDERBIRD PREPARATORY ACADEMY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2017

Exhibit 8

	Child Care
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received for child care services	\$ 161,542
Cash paid for goods and services	(44,426)
Cash paid to employees for services	(15,162)
Cash paid to the general fund	(111,749)
Net cash used by operating activities	(9,795)
CASH FLOW FROM FINANCING ACTIVITIES	
Transfer to local fund	(95,294)
Net cash used by financing activities	(95,294)
Net decrease in cash and cash equivalents	(105,089)
Cash, beginning of period	157,883
Cash, end of period	\$ 52,794
Reconciliation of operating income to net cash provided by operating activities	
Operating income	103,525
Adjustments to reconcile operating income to net cash provided by operating activities	
Increase in accounts receivables	(2,160)
Increase in due from general fund	(111,749)
Increase in accounts payable	589
Total adjustments	(113,320)
Net cash provided by operating activities	\$ (9,795)

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of Thunderbird Preparatory Academy (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities. Because of the authority of the State Board of Education (SBE) to unilaterally abolish a school with all the assets reverting to a local education agency, the charter schools in North Carolina follow the governmental reporting model, as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Thunderbird Preparatory Academy is a public school operated by a local non-profit corporation, serving approximately 160 students. The School operates under an approved charter received from the SBE, and applied for under the provisions of General Statute (G.S.) 115C-238.29B. G.S. 115C-238.29F(f)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA). G.S. 115C-447 also requires financial statements to be prepared in accordance with GAAP. These financial statements present the School and its component unit, Thunderbird Preparatory Academy, LP, a legally separate entity. Thunderbird Preparatory Academy, LP (the LP) is a partnership that was set up in February 2014 to develop a new school facility, hire and manage school personnel and educate children. The School's management has operational responsibility for the LP. The LP is presented with the general fund of the School (blended presentation). The LP does not issue separate financial statements. The School was awarded status as a NC Charter School in May 2014 and began operating as a charter school on July 1, 2014.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the School and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as non-major funds.

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies - Continued

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities

The School reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for specific operating needs of the public school system and is reported as a special revenue fund.

The School reports the following non-major governmental fund:

Federal Grants Fund. The Federal Grants Fund includes grants from the U.S. Department of Education for various special programs.

The School reports the following major enterprise fund:

Child Care Fund. The child care fund is used to account for the before and after school care program within the School.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include Federal, State, and County grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies - Continued

the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D. Budgetary Data

Annual budgets are adopted for all funds in total. Budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental information represents the budget of the School at June 30, 2017 and is presented as adopted by the Board. All appropriations lapse at year end.

E. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the School are made in a local bank, whose accounts are FDIC insured up to \$250,000 per depositor.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Capital Assets

The School's donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Computer and equipment	5
School furnishings	10

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies - Continued

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of financial 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 and so will not be recognized as revenue until then. The School has no items that meet this criterion.

5. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

6. Compensated Absences

The School's paid time off policy does not allow vesting for payment if not used. Therefore, no accrual is included in the financial statements.

7. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification 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. The School's nonspendable fund balance related to prepaid expenses.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The School has no restricted fund balance imposed by creditors or imposed by law.

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies - Continued

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote of the School’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action. The School did not have any committed fund balance.

Assigned fund balance – portion of the fund balance that the School intends to use for specific purposes. The School did not have any assigned fund balance.

Unassigned fund balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

Thunderbird Preparatory Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. Resources are used in the following hierarchy: Federal funds, State funds, local funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

8. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds’ total fund balance and governmental activities net position reported in the government-wide statement of net position. The net adjustment of \$(165,479) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 275,701
Less accumulated depreciation	(18,037)
Accrued interest payable recognized in the statement of net position but not reported as an expenditure in the governmental funds since not a current use of resources	(73,673)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Debt financing	(349,470)
Total adjustment	<u>\$ (165,479)</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Thunderbird Preparatory Academy is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the school is located (i.e. Charlotte-Mecklenburg Schools) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Significant Accounting Policies – Continued

who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the School receives, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year which is transferred by the appropriate local school administrative units. [G.S.115C-238.29H(b)]. For the fiscal year ended June 30, 2017, the Thunderbird Preparatory Academy received funding from the Boards of Education for Charlotte-Mecklenburg Schools, Iredell-Statesville and Cabarrus County school districts.

Furthermore, Thunderbird Preparatory Academy has received donations of cash and/or equipment from private organizations and individuals. The cash has been used primarily for the purchase of new assets or various costs related to the School’s facility.

2. Reconciliation Between Government-Wide and Fund Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds’ fund balance and the change in governmental activities’ net position as reported on the government-wide statement of activities. The net difference of \$103,581 between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities	\$ 222,638
Depreciation expense that is recorded on the statement of activities but not in the fund statements	(11,032)
Statement of activities reflects accrued interest as an expense but not recorded in the fund statements since not a use of current resources. This amount represents the change in the amount of accrued interest payable	(73,673)
Principal payments on debt owed are recorded as a use of funds on the fund statements but has no effect on the statement of activities, only the statement of net position.	<u>(34,352)</u>
Total	<u>\$ 103,581</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits and Investments

At June 30, 2017, the School has deposits with banks and savings and loans with a carrying amount of \$208,251. The bank balance with the financial institution was \$256,059. Of the bank balance, \$250,000 was covered by federal depository insurance and \$6,059 was not insured. The school does not have a deposit policy for custodial credit risk.

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

II. Detail Notes on All Funds - Continued

2. Capital Assets

Capital asset activity for the School for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Construction in progress	\$ -	\$ 51,744	\$ -	\$ 51,744
Total capital assets not being depreciated	-	51,744	-	51,744
Capital assets being depreciated:				
Leasehold improvements	\$ -	\$ 170,894	\$ -	\$ 170,894
Computer and equipment	34,014	-	-	34,014
School furnishings	19,049	-	-	19,049
Total capital assets being depreciated	<u>\$ 53,063</u>	<u>\$ 170,894</u>	<u>\$ -</u>	<u>\$ 223,957</u>
Less accumulated depreciation for:				
Leasehold improvements	\$ -	\$ 5,100	\$ -	\$ 5,100
Computer and equipment	3,513	4,027	-	7,540
School furnishings	3,492	1,905	-	5,397
Total accumulated depreciation	<u>7,005</u>	<u>\$ 11,032</u>	<u>\$ -</u>	<u>18,037</u>
Total capital assets being depreciated, net	<u>46,058</u>			<u>205,920</u>
Governmental activity capital assets, net	<u>\$ 46,058</u>			<u>\$ 257,664</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services	\$ 9,929
System-wide supporting services	1,103
	<u>\$ 11,032</u>

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The Thunderbird Preparatory Academy has adopted a tax deferred annuity retirement plan under Internal Revenue Code section 401 (k). The Thunderbird Preparatory Academy Retirement Plan (The Plan) is a defined contribution plan and is administered by American Funds. The plan was effective July 1, 2015. All full-time employees who have reached age 21 are eligible to participate in the plan after completion of one year of service to the School. Thunderbird Preparatory Academy will contribute up to 2%. The employee may make voluntary contributions, pursuant to a salary reduction agreement, of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code.

At June 30, 2017, all eligible employees of the School were included in the plan. The Thunderbird Preparatory Academy made all required contributions. For the year ended June 30, 2017, the pension cost to the School was \$8,575, with members contributing \$31,398.

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

II. Detail Notes on All Funds - Continued

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier. The School also maintains a \$2 million umbrella policy.

The School also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the School are eligible to receive health care benefits up to a \$2 million lifetime limit. In addition, employees have the option of receiving health care benefits through one of the available health maintenance organizations (HMOs). The School pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan and makes an equal contribution for employees enrolled in one of the available HMO plans [G.S. 115C-238.29F(e)(4)].

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

3. Long-term Liabilities

Installment notes

The School entered into a loan agreement in March 2015 with American Charter Development for \$150,000 related to the operations of the School. The loan is to be repaid by December 15, 2017, with interest calculated on unpaid principal balances at 9.5%. The outstanding loan balance at June 30, 2017 was \$103,119.

The School entered into another loan agreement in July 2016 with American Charter Development for \$51,744 related to the construction costs of the School. The loan is to be repaid by December 15, 2017, with interest calculated on unpaid principal balances at 9.5%.

The School entered into a loan agreement in April 2015 with ALK Angel Holdings for up to \$250,000 related to operations of the School. The outstanding balance of the loan at June 30, 2017 was \$200,000. The loan is to be repaid with interest only payments of \$4,167 monthly through the maturity date. The entire balance of the loan will be paid back by June 30, 2018.

The following is a summary of the changes in the School's general long-term obligations for the year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Note payable - ACD	\$ 115,118	\$ -	\$ 11,999	\$ 103,119	\$ 103,119
Note payable - ALK	200,000	-	-	200,000	200,000
Note payable - ACD	-	51,744	5,393	46,351	46,351
Total	<u>\$ 315,118</u>	<u>\$ 51,744</u>	<u>\$ 17,392</u>	<u>\$ 349,470</u>	<u>\$ 349,470</u>

**THUNDERBIRD PREPARATORY ACADEMY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017**

II. Detail Notes on All Funds - Continued

Payments on the general long-term obligations to maturity are as follows:

<u>Year Ending June 30:</u>		
2018	\$	349,470
2019		-
2020		-
2021		-
2022		-
Thereafter		-
	\$	<u>349,470</u>

5. Fund Balance

Thunderbird Preparatory Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. Resources are used in the following hierarchy: Federal funds, State funds, local funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

III. Summary Disclosure of Significant Contingencies and Commitments

Federal and State Assisted Programs

The School has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

IV. Leases

The School has entered into a non-cancelable operating lease for its building in Cornelius North Carolina. The School is responsible for all expenses and obligations related to the premises, including taxes, insurance, utilities and other operating expenses. The lease expires in September 2034. After June 22, 2022, the School has the option to purchase the building at a price of the annualized scheduled rent at the time of the exercise of the option divided by 8.0%. During the year ending June 30, 2017, the School and the Landlord amended the lease agreement to adjust the purchase option to include the amount of unpaid rent for the year ended June 30, 2017 in the amount of \$532,683. The School will resume lease payments on December 1, 2017 in the amount of \$66,574. Beginning on January 1, 2018, the base rent shall increase annually in proportion with the increase, if any, in the North Carolina Department of Education state per pupil allocation made for charter schools located in Mecklenburg County in accordance with N.C.G.S Section 115C-218.105(a), as approved in the State's budget for the fiscal year, on a year over year basis. Rental expense for the School for year ended June 30, 2017 was \$118,615.

**THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

IV. Leases - Continued

Future minimum payment requirements on operating leases are as follows:

<u>Years Ending June 30,</u>		
2018	\$	477,562
2019		821,976
2020		821,976
2021		821,976
2022		821,976
2023 and thereafter		<u>9,863,712</u>
	\$	<u>13,629,178</u>

V. Limited Partnership Agreement

During June 30, 2015, the Board of Directors of the School voted to enter into a limited partnership agreement with Thunderbird Charter School, LP (the LP). The purpose of the partnership is to: develop a new school facility, hire and manage school personnel and educate children. The School is the General Partner in the LP. The LP obtained \$3,000,000 from investors in the Federal EB-5 Immigrant Investor Program. The LP loaned the \$3,000,000 to American Charter Development, LLC for development of the project (school facility). In June 2015, the project (school facility) was purchased by Vertex (see Note IV Leases). With this purchase, Vertex assumed the obligation to repay the \$3,000,000 to the investors. After the investors obtain the I-829 Green Card adjudication – approval or denial (through the Federal EB-5 Immigrant Investor Program), the School has the option to purchase the school facility from Vertex at which time Vertex would repay the \$3,000,000 obligation to the investors. All School employees are employees of the LP.

VI. Going Concern Considerations

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the School as a going concern. Funding from the State and Local LEAs is based on student enrollment numbers. Student enrollment for the year ending June 30, 2017 was approximately 160 and as of the report date, the School has 128 students enrolled. This will cause a decrease in the amount of State and Local LEA funding the School budgeted to receive for the year. As discussed in Note IV, the School was unable to make their required lease payments for the majority of the year ending June 30, 2017. The School was also unable to make all of their debt and interest payments for the year ending June 30, 2017. The continuance of the School's operations depends on its ability to attract and maintain students and to operate within its cash flow. These factors raise doubt about the School's ability to continue as a going concern. Management is taking measures to increase student enrollment and has renegotiated their rent agreement with their landlord for the year ending June 30, 2018.

VII. Related Party Transactions

A Board Member also works for American Charter Development (ACD), a company that provided original facility development services for the School. ACD does not own the building and is not the landlord of the School; however, ACD is a guarantor on subordinated debt of the current landlord. Additionally, as discussed in Note II (B)(3) ACD has loaned the school funds and as of June 30, 2017 the School owed ACD \$149,470.

*THUNDERBIRD PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017*

VIII. Subsequent Events

Management has evaluated subsequent events through October 31, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULE

THUNDERBIRD PREPARATORY ACADEMY
COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - ALL FUNDS
For The Year Ended June 30, 2017

Schedule 1

	Total All Funds	Final Budget	Favorable (Unfavorable) Variance
REVENUES			
State revenue	\$ 889,857	\$ 896,342	\$ (6,485)
Federal revenue	99,764	122,106	(22,342)
County revenue	392,838	421,310	(28,472)
Child care	161,542	119,078	42,464
Other	67,862	95,409	(27,547)
Total Revenue	1,611,863	1,654,245	(42,382)
EXPENDITURES			
Instruction programs			
Regular curricular services	723,288		-
Special populations services	157,922		-
Alternative programs and services	112,506		-
School leadership services	187,373		-
Co-curricular services	500		-
School based support services	13,725		-
Total instructional programs	1,195,314	1,283,789	88,475
Supporting Services			
Technology support services	2,072		-
Operational support services	365,916		-
Financial and human resources	72,086		-
Policy, leadership and public relations services	106,368		-
Total supporting services	546,442	495,160	(51,282)
Capital Outlay	222,638	6,815	(215,823)
Debt Service			
Principal	17,392	-	(17,392)
Interest	7,619	4,168	(3,451)
	25,011	4,168	(20,843)
Child care expenditures			
Salaries and benefits	13,591	-	(13,591)
Materials and supplies	3,481	-	(3,481)
Contracted services	23,979	-	(23,979)
Other	16,966	-	(16,966)
Total child care	58,017	-	(58,017)
Total Expenditures	2,047,422	1,789,932	(257,490)
Revenues Over (Under) Expenditures	(435,559)	(135,687)	(299,872)
Other financing sources (uses):			
Loan proceeds	51,744	-	(51,744)
Net change in fund balance	(383,815)	\$ (135,687)	\$ (351,616)
Fund balance- Beginning of period	582,161		
Fund balance- End of period	\$ 198,346		

COMPLIANCE SECTION



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**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 Auditors' Report

To the Board of Directors
Thunderbird Preparatory Academy
Cornelius, North Carolina

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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thunderbird Preparatory Academy, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises Thunderbird Preparatory Academy's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thunderbird Preparatory Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Thunderbird Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thunderbird Preparatory Academy's financial statements are free of 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as item 2017-1.

Thunderbird Preparatory Academy's Response to Findings

Thunderbird Preparatory Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pottin + Company, P.A.

October 31, 2017
Concord, North Carolina



POTTER & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditors' Report

To The Board of Directors
Thunderbird Preparatory Academy
Cornelius, North Carolina

Report on Compliance for Each Major State Program

We have audited Thunderbird Preparatory Academy's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission that could have a direct and material effect on its major State program for the year ended June 30, 2017. Thunderbird Preparatory Academy's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Thunderbird Preparatory Academy's major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Audits (Uniform Guidance)*, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Thunderbird Preparatory Academy's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major State program. However, our audit does not provide a legal determination of Thunderbird Preparatory Academy's compliance.

Opinion on Each Major State Program

In our opinion, Thunderbird Preparatory Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as item 2017-1. Our opinion on its major State program is not modified with respect to this matter.

Thunderbird Preparatory Academy's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and question costs and corrective action plan. Thunderbird Preparatory Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Thunderbird Preparatory Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Thunderbird Preparatory Academy's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-1 that we consider to be significant deficiencies.

Thunderbird Preparatory Academy's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of finding and question costs and corrective action plan. Thunderbird Preparatory Academy's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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. Accordingly, this report is not suitable for any other purpose.

Poth + Company, P.A.

October 31, 2017
Concord, North Carolina

THUNDERBIRD PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Statement 2
(Page 1 of 2)

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No

- Significant Deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___ Yes X No

- Significant Deficiency(ies) identified that are not considered to be material weaknesses? X Yes ___ No

Type of auditors' report issued on compliance with major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act X Yes ___ No

Identification of major State programs:

Program Name

State Public School Fund

THUNDERBIRD PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Statement 2
(Page 2 of 2)

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

None reported

IV. State Award Findings and Questioned Costs

NC Department of Public Instruction
Program Name: State Public School Fund

Finding 2017-1

SIGNIFICANT DEFICIENCY
Procurement

Criteria: Every contract or lease into which a charter school enters shall include the sentence “No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.”

Condition: The School’s contracts and leases do not contain the above indebtedness statement.

Effect: The School did not comply with State Board of Education procurement requirements.

Cause: School management did not include the indebtedness statement as an attachment to contracts or leases.

Recommendation: We recommend that management get the indebtedness statement attached to all their contracts and leases.

Management

Response: The School agrees with this finding. All contract and lease agreements will have this sentence added to them for the 2017-2018 school year.

*THUNDERBIRD PREPARATORY ACADEMY
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2017*

Statement 3

Section II – Financial Statement Findings

Finding 2017-1

Name of Contact Person: Taft Morley, Board Member

Corrective Action: The School will include the indebtedness statement with all contracts and leases.

Proposed Completion Date: Immediately

THUNDERBIRD PREPARATORY ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2017

Statement 4

Finding: 2016-1

Condition: The School relies on the audit firm to prepare their annual financial statements and related note disclosures.

Status: Corrected

Finding: 2016-2

Condition: The auditor proposed significant audit adjustments to correct the accounting records that, in our judgment, may not have been detected except through our auditing procedures. These adjustments related primarily to recording receivables, payroll and correcting various errors. The existence of such material adjustments indicated that the School's system of controls did not detect and prevent such errors.

Status: Corrected

Finding: 2016-3

Condition: The School's capitalization policy for capital assets is \$1,000. During the audit process the auditor noted assets purchased during the year over the capitalization threshold that were not identified as capital assets by the School.

Status: Corrected

Finding: 2016-4

Condition: The School did not reconcile the "Budget Balance Reconciliation Report" (JHA705EG) and "Cash Balance Report" (JHA714EG) on a timely basis.

Status: Corrected

Finding: 2016-5

Condition: The School was unable to reconcile the cash balance to the general ledger.

Status: Corrected

Finding: 2016-6

Condition: The School's contracts and leases do not contain the above indebtedness statement.

Status: Repeat finding 2017-1

THUNDERBIRD PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2017

Statement 5

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Expenditures
Federal Grants:			
<u>U. S. Department of Education</u>			
<u>Office of Special Education and Rehabilitative Services</u>			
Passed through the NC Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
- Special Education- Grants to States (IDEA, Part B)			
Education of the Handicapped	84.027	PRC 060	\$ 99,764
Total Special Education Cluster			99,764
Total U. S. Department of Education			99,764
Total Federal Assistance			99,764
State Grants:			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund	-	N/A	889,857
Total State Assistance			889,857
Total Federal and State Assistance			\$ 989,621

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Thunderbird Preparatory Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a select portion of the operations of Thunderbird Preparatory Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Thunderbird Preparatory Academy.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

LAKESIDE CHARTER ACADEMY, NORTH CAROLINA

Financial Statements and
Supplementary Information

Year Ended June 30, 2018



Rives & Associates, LLP
Certified Public Accountants and Consultants

LAKESIDE CHARTER ACADEMY

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June 30, 2018

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FINANCIAL SECTION



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report

To the Board of Directors
Lakeside Charter Academy
Cornelius, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Thunderbird Preparatory Academy, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Thunderbird Preparatory Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Thunderbird Preparatory Academy as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thunderbird Preparatory Academy's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary schedule, as well as the accompanying schedule of expenditures of Federal and State awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule, and the accompanying schedule of expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 14, 2018 on our consideration of Thunderbird Preparatory Academy'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 these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thunderbird Preparatory Academy's internal control over financial reporting and compliance.

Rives & Associates LLP

Raleigh, North Carolina
November 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Lakeside Charter Academy
June 30, 2018

As management of Lakeside Charter Academy, we offer readers of Lakeside Charter Academy's financial statements this narrative overview and analysis of the financial activities of Lakeside Charter Academy for the fiscal year ended June 30, 2018. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements which follow this narrative.

Financial Highlights

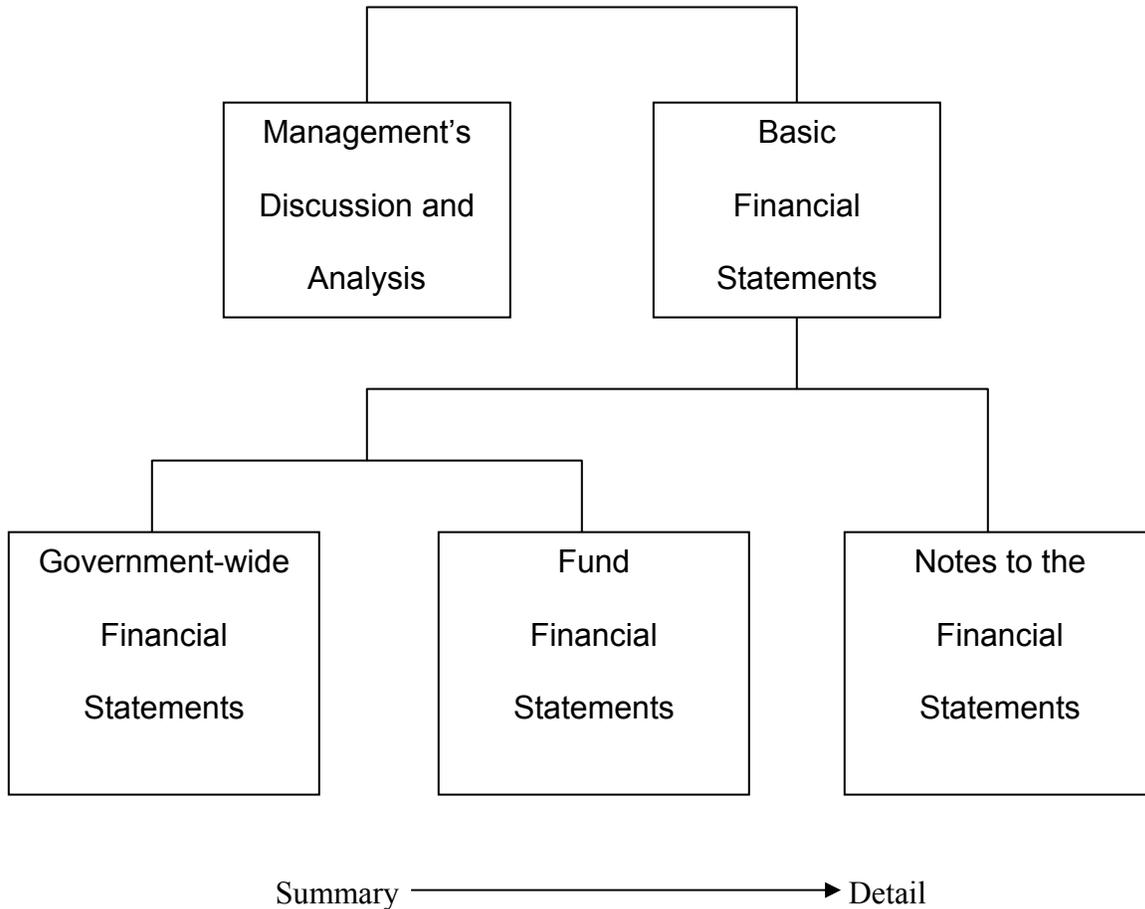
- The liabilities of Lakeside Charter Academy exceeded its assets and deferred outflows at the close of the fiscal year by \$71,008 (*net position*).
- The School's total net position decreased by \$103,875, primarily due to decreases in the governmental-type activities net position.
- As of the close of the current fiscal year, Lakeside Charter Academy's governmental funds reported combined ending fund balances of \$593.
- State funded Average Daily Membership (ADM) was 497 in 2015-2016, 155 in 2016-2017, and 123 for the current fiscal year.
- Lakeside Charter Academy's total long-term obligations totaled \$349,470 as of the close of the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lakeside Charter Academy's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Lakeside Charter Academy.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

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The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and how they have changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide virtually all of the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide. These include the Before and After School Care services offered by Lakeside Charter Academy.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lakeside Charter Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of Lakeside Charter Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a

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short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Lakeside Charter Academy adopts an annual budget, although it is not required to do so by the General Statutes. Because the budget is not legally required by the Statutes, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted.

Proprietary Funds – Lakeside Charter Academy has one proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Lakeside Charter Academy uses enterprise funds to account for its before and after school functions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as one useful indicator of a school's financial condition. The liabilities of Lakeside Charter Academy exceeded assets by \$71,008 as of June 30, 2018. As of June 30, 2017, the School's net position stood at \$32,867. The School's net position decreased by \$103,875 for the fiscal year ended June 30, 2018, compared to a decrease of \$280,234 in 2017. The amount of \$196,836 reflects the School's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Lakeside Charter Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Lakeside Charter Academy's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of (\$267,844) is unrestricted. In 2017, the net investment in capital assets was \$205,920, and the remaining balance of (\$173,053) was unrestricted.

**Management Discussion and Analysis
Lakeside Charter Academy
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**Lakeside Charter Academy's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 126,829	\$ 160,588	\$ 182,028	\$ 166,703	\$ 308,857	\$ 327,291
Capital assets, net of depreciation	243,187	257,664	-	-	243,187	257,664
Total assets	<u>370,016</u>	<u>418,252</u>	<u>182,028</u>	<u>166,703</u>	<u>552,044</u>	<u>584,955</u>
Deferred outflows of Resources	-	-	-	-	-	-
Other liabilities	273,582	202,029	-	589	273,582	202,618
Long-term liabilities outstanding	349,470	349,470	-	-	349,470	349,470
Total liabilities	<u>623,052</u>	<u>551,499</u>	<u>-</u>	<u>589</u>	<u>623,052</u>	<u>552,088</u>
Deferred inflows of Resources	-	-	-	-	-	-
Net Position:						
Net investment in capital assets	196,836	205,920	-	-	196,836	205,920
Unrestricted	(449,872)	(339,167)	182,028	166,114	(267,844)	(173,053)
Total Net Position	<u>\$ (253,036)</u>	<u>\$ (133,247)</u>	<u>\$ 182,028</u>	<u>\$ 166,114</u>	<u>\$ (71,008)</u>	<u>\$ 32,867</u>

Several particular aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget for all funds. The School's performance was measured using these budgets on a monthly basis, allowing changes in spending as needed to stay within the budget.
- The School applied for and was awarded federal grants to assist with the expenses of meeting the education needs of its students.
- Generally speaking, funding changes proportionately with any changes in the student enrollment.

Lakeside Charter Academy
 Changes in Net Position
 Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Charges for services	\$ -	\$ -	\$ 69,860	\$ 161,542	\$ 69,860	\$ 161,542
Operating grants and contributions	48,767	99,764	-	-	48,767	99,764
County, State, and Federal funds	1,024,326	1,282,695	-	-	1,024,326	1,282,695
Donations and other revenue	109,816	67,862	38	-	109,854	67,862
Total revenues	1,182,909	1,450,321	69,898	161,542	1,252,807	1,611,863
Instructional services	983,250	1,205,243	-	-	983,250	1,205,243
Support services	275,894	547,545	-	-	275,894	547,545
Community services	7,425	-	-	-	7,425	-
Interest on long-term debt	73,673	81,292	-	-	73,673	81,292
Before and after school care	-	-	16,440	58,017	16,440	58,017
Total expenses	1,340,242	1,834,080	16,440	58,017	1,356,682	1,892,097
Increase (Decrease) in net position before transfers	(157,333)	(383,759)	53,458	103,525	(103,875)	(280,234)
Transfers	37,544	95,294	(37,544)	(95,294)	-	-
Change in net position	(119,789)	(288,465)	15,914	8,231	(103,875)	(280,234)
Net position, July 1	(133,247)	155,218	166,114	157,883	32,867	313,101
Net position, June 30	\$ (253,036)	\$ (133,247)	\$ 182,028	\$ 166,114	\$ (71,008)	\$ 32,867

Governmental activities: Governmental activities decreased the School's net position by \$157,333, before transfers. A transfer of \$37,544 was received from the School's business-type activities reducing the decrease in net position to \$119,789.

Business-type activities: Business-type activities increased Lakeside Charter Academy's net position by \$53,458, before transfers. After a transfer to the governmental activities, the increase in business-type activities net position was \$15,914.

Financial Analysis of the School's Funds

As noted earlier, Lakeside Charter Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Lakeside Charter Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Lakeside Charter Academy's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Lakeside Charter Academy. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$8,561), while total fund balance stood at \$593.

Management Discussion and Analysis
Lakeside Charter Academy
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Proprietary Funds. The School’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Before and After School Care Fund at the end of the fiscal year amounted to \$182,028. The total growth in net position for the Before and After School Care fund was \$15,914. Other factors concerning the finances of this fund have already been addressed in the discussion of the School’s business-type activities.

Capital Asset and Debt Administration

Capital assets. Lakeside Charter Academy’s investment in capital assets for its governmental activities as of June 30, 2018, totals \$243,187 (net of accumulated depreciation). These assets include leasehold improvements, computers and equipment, and school furnishings.

**Lakeside Charter Academy’s Capital Assets
(Net of Depreciation)**

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Construction in progress	\$ -	\$ 51,744	\$ -	\$ -	\$ -	\$ 51,744
Leasehold improvements	208,993	165,794	-	-	208,993	165,794
Computer and equipment	22,447	26,474	-	-	22,447	26,474
School furnishings	11,747	13,652	-	-	11,747	13,652
Total	\$ 243,187	\$ 257,664	\$ -	\$ -	\$ 243,187	\$ 257,664

Additional information on the School’s capital assets can be found in note II.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2018, Lakeside Charter Academy had total debt outstanding of \$349,470, which consists of three notes payable.

Management Discussion and Analysis
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Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The State of North Carolina increased its per pupil funding by \$140.43 per ADM compared to the previous year; an increase of 2.89%.
- The School strives daily to continue to improve its relationships with all members of the community thereby enhancing its presence as a solid member of the community.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board Chair, Lakeside Charter Academy, 17609 Old Statesville Road, Cornelius, NC 28031 Telephone (704) 896-9500.

LAKESIDE CHARTER ACADEMY

Exhibit 1

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 116,434	\$ 73,279	\$ 189,713
Due from other governments	1,025	-	1,025
Receivables (net)	216	-	216
Due from other funds	-	108,749	108,749
Prepaid items	9,154	-	9,154
	<u>126,829</u>	<u>182,028</u>	<u>308,857</u>
Capital assets (Note II.A) 2):			
Capital assets, net of depreciation	243,187	-	243,187
Total capital assets	<u>243,187</u>	<u>-</u>	<u>243,187</u>
Total assets	<u>370,016</u>	<u>182,028</u>	<u>552,044</u>
LIABILITIES			
Accounts payable and accrued expenses	17,487	-	17,487
Due to other funds	108,749	-	108,749
Accrued interest payable	147,346	-	147,346
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	349,470	-	349,470
Total liabilities	<u>623,052</u>	<u>-</u>	<u>623,052</u>
NET POSITION			
Net investment in capital assets	196,836	-	196,836
Unrestricted	(449,872)	182,028	(267,844)
Total net position	<u>\$ (253,036)</u>	<u>\$ 182,028</u>	<u>\$ (71,008)</u>

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Statement of Activities
For the Year Ended June 30, 2018

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:						
Governmental activities:						
Instructional services	\$ 983,250	\$ -	\$ 48,767	\$ (934,483)	\$ -	\$ (934,483)
System-wide support services	275,894	-	-	(275,894)	-	(275,894)
Community services	7,425	-	-	(7,425)	-	(7,425)
Interest on long-term debt	73,673	-	-	(73,673)	-	(73,673)
Total governmental activities	<u>1,340,242</u>	<u>-</u>	<u>48,767</u>	<u>(1,291,475)</u>	<u>-</u>	<u>(1,291,475)</u>
Business-type activities:						
Before/after school care	16,440	69,860	-	-	53,420	53,420
Total business-type activities	<u>16,440</u>	<u>69,860</u>	<u>-</u>	<u>-</u>	<u>53,420</u>	<u>53,420</u>
Total primary government	<u>\$ 1,356,682</u>	<u>\$ 69,860</u>	<u>\$ 48,767</u>	<u>(1,291,475)</u>	<u>53,420</u>	<u>(1,238,055)</u>
General revenues:						
Unrestricted county appropriations				289,165	-	289,165
Unrestricted State appropriations				735,161	-	735,161
Donations- corporate contributions				6,496	-	6,496
Miscellaneous, unrestricted				103,320	38	103,358
Transfers				37,544	(37,544)	-
Total general revenues and transfers				<u>1,171,686</u>	<u>(37,506)</u>	<u>1,134,180</u>
Change in net position				(119,789)	15,914	(103,875)
Net position, beginning				<u>(133,247)</u>	<u>166,114</u>	<u>32,867</u>
Net position, ending				<u>\$ (253,036)</u>	<u>\$ 182,028</u>	<u>\$ (71,008)</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

LAKESIDE CHARTER ACADEMY

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	
ASSETS				
Cash and cash equivalents	\$ 116,434	\$ -	\$ -	\$ 116,434
Due from other governments	1,025	-	-	1,025
Receivables (net)	216	-	-	216
Prepaid items	9,154	-	-	9,154
Total assets	<u>\$ 126,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,829</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 17,487	\$ -	\$ -	\$ 17,487
Due to child care fund	108,749	-	-	108,749
Total liabilities	<u>126,236</u>	<u>-</u>	<u>-</u>	<u>126,236</u>
Fund balances:				
Nonspendable:				
Prepaid items	9,154	-	-	9,154
Unassigned	(8,561)	-	-	(8,561)
Total fund balances	<u>593</u>	<u>-</u>	<u>-</u>	<u>593</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 126,829</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	243,187
Accrued interest payable included in the statement of net position did not require use of resources in current year	(147,346)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(349,470)
Net position of governmental activities	<u>\$ (253,036)</u>

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

Exhibit 4

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants	
REVENUES				
State of North Carolina	\$ -	\$ 735,161	\$ -	\$ 735,161
Boards of Education	289,165	-	-	289,165
U.S. Government	-	-	48,767	48,767
Contributions and donations	6,496	-	-	6,496
Other	103,320	-	-	103,320
Total revenues	<u>398,981</u>	<u>735,161</u>	<u>48,767</u>	<u>1,182,909</u>
EXPENDITURES				
Current:				
Instructional services	273,466	646,540	48,767	968,773
System-wide support services	187,273	88,621	-	275,894
Community services	7,425	-	-	7,425
Total expenditures	<u>468,164</u>	<u>735,161</u>	<u>48,767</u>	<u>1,252,092</u>
Excess (deficiency) of revenues over expenditures	<u>(69,183)</u>	<u>-</u>	<u>-</u>	<u>(69,183)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	37,544	-	-	37,544
Total other financing sources (uses)	<u>37,544</u>	<u>-</u>	<u>-</u>	<u>37,544</u>
Net change in fund balance	(31,639)	-	-	(31,639)
Beginning fund balance	32,232	-	-	32,232
Ending fund balance	<u>\$ 593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593</u>

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY **Exhibit 5**
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, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances- total governmental funds	\$ (31,639)
--	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(14,477)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	<u>(73,673)</u>

Total changes in net position of governmental activities	<u><u>\$ (119,789)</u></u>
--	----------------------------

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Statement of Net Position
Proprietary Funds
June 30, 2018

Exhibit 6

	Enterprise Funds	
	Major Fund	
	Before/After	
	School Care	Total
ASSETS		
Current assets:		
Cash	\$ 73,279	\$ 73,279
Due from general fund	108,749	108,749
Total assets	\$ 182,028	\$ 182,028
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Total current liabilities	-	-
NET POSITION		
Unrestricted	182,028	182,028
Total net position	\$ 182,028	\$ 182,028

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

Exhibit 7

	Enterprise Funds	
	Major Fund	
	Before/After	
	School Care	Total
OPERATING REVENUES		
Child care fees	\$ 69,898	\$ 69,898
Total operating revenues	69,898	69,898
OPERATING EXPENSES		
Contracted services	9,664	9,664
Other	6,776	6,776
Total operating expenses	16,440	16,440
Operating income	53,458	53,458
NONOPERATING REVENUES		
Transfers to/from other funds	(37,544)	(37,544)
Total nonoperating revenues	(37,544)	(37,544)
Change in net position	15,914	15,914
Total net position - beginning	166,114	166,114
Total net position - ending	\$ 182,028	\$ 182,028

The accompanying notes to the financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Exhibit 8

	Enterprise Funds	
	Major Fund	
	Before/After	
	School Care	Total
CASH FLOWS FROM OPERATING ACTIVITES		
Cash received from customers	\$ 72,058	\$ 72,058
Cash paid for goods and services	(17,029)	(17,029)
Net cash used by operating activities	55,029	55,029
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES		
Transfers to/from other funds	(34,544)	(34,544)
Net cash provided by noncapital financing activities	(34,544)	(34,544)
Net increase (decrease) in cash and cash equivalents	20,485	20,485
Balances - beginning of year	52,794	52,794
Balances - end of year	\$ 73,279	\$ 73,279
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ 53,458	\$ 53,458
Adjustments to reconcile operating loss to net cash used by operating activities:		
Decrease in accounts receivable	2,160	2,160
Decrease in payables	(589)	(589)
Net cash used by operating activities	\$ 55,029	\$ 55,029

The accompanying notes to financial statements are an integral part of these statements.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lakeside Charter Academy (the School) conforms to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities, such as Thunderbird Preparatory Academy, Inc. Because of the authority of the State Board of Education (the “SBE”) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A) Reporting Entity

The Lakeside Charter Academy the School, a North Carolina charter school formed in 2014, is a public school operated by a non-profit corporation, serving approximately 148 students. Pursuant to the provisions of the Charter School Act of 1996 as amended (the “Act”), the School operates under an approved charter received from the SBE, and applied for under the provisions of General Statute 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2019 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. The School changed its name from Thunderbird Preparatory Academy to Lakeside Charter Academy beginning with the 2017 / 2018 school year.

B) Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (“GASB 34”), Lakeside Charter Academy is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

Government-wide Statements: The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following major enterprise fund:

Before and After Child Care Fund: The Before and After Child Care Fund is used to account for the child care program within the School.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

Annual budgets are adopted for all funds, on a School wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2018. All appropriations lapse at year end.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in local banks, whose accounts are FDIC insured. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items

4. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Computer and equipment	5
School furnishings	10

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

5. Deferred outflows / inflows of resources

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of financial 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 and so will not be recognized as revenue until then. The School has no items that meets this criterion -unused grant funds at year-end.

6. Compensated Absences

The School's paid time off policy does not allow vesting for payment if not used. Therefore, no accrual is included in the financial statements.

7. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Net Position/Fund Balances (Continued)

Fund Balance

In the governmental fund financial statements, fund balance is composed of two classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification 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.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operating expenses of the School which is not a spendable resource.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

8. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of (\$253,629) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 275,702
Less accumulated depreciation	<u>(32,515)</u>
Net capital assets	243,187
Accrued interest payable recognized in the statement of net position but not reported	
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Debt financing	(349,470)
Accrued interest payable	(147,346)
Total adjustment	<u>\$ (253,629)</u>

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses

1. Funding

The School is funded by the State Board of Education (SBE), receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Charlotte/Mecklenburg County Schools) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-218.105(a)].

Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. (G.S. 115C-218.105(b)).

Additionally, the School receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides. (G.S. 115C-218.105 (c)). Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides.

For the fiscal year ended June 30, 2018, the School received funding from the Board of Education for Charlotte-Mecklenburg County (\$276,792), Cabarrus County (\$727), Iredell-Statesville County (\$6,372), and Mooresville City (\$5,274).

Furthermore, Lakeside Charter Academy has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of (\$88,150) between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ -
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(14,477)
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Accrued interest that is recorded on the statement of activities but not in the fund statements	(73,673)
Total	<u>\$ (88,150)</u>

G) Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2018, the School had deposits with banks and savings and loans with a carrying amount of \$189,413. The bank balance with the financial institutions was \$229,840, of which \$250,000 was covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk. The School holds \$300 in petty cash.

2. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 51,744	\$ -	\$ 51,744	\$ -
Capital assets being depreciated:				
Leasehold improvements	170,894	51,744	-	222,638
Computer and equipment	34,014	-	-	34,014
School furnishings	19,049	-	-	19,049
Total assets	223,957	51,744	-	275,701
Less accumulated depreciation for:				
Leasehold improvements	5,100	8,545	-	13,645
Computer and equipment	7,540	4,027	-	11,567
School furnishings	5,397	1,905	-	7,302
Total accumulated depreciation	18,037	14,477	-	32,514
Governmental activity capital assets, net	\$ 257,664			\$ 243,187

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 14,477
	\$ 14,477

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities

1. Retirement Plan

The Lakeside Charter Academy has adopted a tax deferred annuity retirement plan under Internal Revenue Code section 401 (k). The Lakeside Charter Academy Retirement Plan (The Plan) is a defined contribution plan and is administered by American Funds. The plan was effective July 1, 2015. All full-time employees who have reached age 21 are eligible to participate in the plan after completion of one year of service to the School. Lakeside Charter Academy will contribute up to 2%. The employee may make voluntary contributions, pursuant to a salary reduction agreement, of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code.

At June 30, 2018, all eligible employees of the School were included in the plan. The Lakeside Charter Academy made all required contributions. For the year ended June 30, 2018, the pension cost to the School was \$0, with members contributing \$30,091.

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier.

As authorized by G.S. 115C-218.90(a)(4), Cardinal also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan ("Medical Plan"), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through this plan, permanent full-time employees of the School are eligible to receive health care benefits. The School pays the full cost of coverage for employees enrolled in the Medical Plan.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligation

a) Installment Notes

The School entered into a loan agreement in March 2015 with American Charter Development for \$150,000 related to the operations of the School. The loan was amended during the year ended June 30, 2018 to extend maturity to December 15, 2019, with interest calculated on unpaid principal balances at 9.5%. The outstanding loan balance at June 30, 2018 was \$103,119.

The School entered into another loan agreement in July 2016 with American Charter Development for \$51,744 related to construction costs of the School. The loan was amended during the year ended June 30, 2018 to extend maturity to December 15, 2019, with interest calculated on unpaid principal balances at 9.5%. The outstanding loan balance at June 30, 2018 was \$46,351.

The School entered into a loan agreement in April 2015 with ALK Angel Holdings for up to \$250,000 related to operations of the School. The outstanding balance of the loan at June 30, 2018 was \$200,000. The loan is to be repaid with interest only payments of \$4,167 monthly through the maturity date. The entire balance of the loan will be paid back by June 1, 2022.

The following is a summary of the changes in the School's general long-term obligations for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Note payable – ACD	\$ 103,119	\$ -	\$ -	\$ 103,119	\$ -
Note payable – ALK	200,000	-	-	200,000	-
Note payable – ACD	46,351	-	-	46,351	-
Total	\$ 349,470	\$ -	\$ -	\$ 349,470	\$ -

Payments on the general long-term obligations to maturity are as follows:

<u>Year ending</u>	
June 30, 2019	\$ -
June 30, 2020	349,470
Total	\$ 349,470

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

II. DETAIL NOTES ON ALL FUNDS (Continued)

C) Interfund Balances and Activity

During the year ended June 30, 2018, \$37,544 was transferred from the General Fund to the Before/After School Care Fund to supplement operations.

The composition of interfund balances as of June 30, 2018, is as follows:

Balance owed to the Before and After School Fund from the General Fund to repay previous funds borrowed to supplement operations. \$ 108,749

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	\$ 593
Less:	
Prepaid items	9,154
Remaining fund balance	\$ (8,561)

III. RELATED PARTY TRANSACTIONS

A Board Member also works for American Charter Development (ACD), a company that provided original facility development services for the School. ACD does not own the building and is not the landlord of the School; however, ACD is a guarantor on subordinated debt of the current landlord. Additionally, as discussed in Note II (B)(3) ACD has loaned the school funds and as of June 30, 2018 the School owed ACD \$149,470.

LAKESIDE CHARTER ACADEMY
Notes to the Financial Statements
For the Year Ended June 30, 2018

IV. LIMITED PARTNERSHIP AGREEMENT

During June 30, 2015, the Board of Directors of the School voted to enter into a limited partnership agreement with Thunderbird Charter School, LP (the LP). The purpose of the partnership is to: develop a school facility, hire and manage school personnel and educate children. The School is the General Partner in the LP. The LP obtained \$3,000,000 to American Charter Development, LLC for development of the project (school facility). In June 2015, the project (school facility) was purchased by Vertex. With this purchase, Vertex assumed the obligation to repay the \$3,000,000 to the investors. After the investors obtain the I-829 Green Card adjudication – approval or denial (through the Federal Eb-5 Immigrant Investor Program), the School has the option to purchase the school facility from Vertex at which time Vertex would repay the \$3,000,000 obligation to the investors. All School employees are employees of the LP.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VI. SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 14, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LAKESIDE CHARTER ACADEMY **Schedule 1**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Government Fund Types
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina	\$ 747,457	\$ 735,161	\$ (12,296)
Boards of Education:			
Cabarrus County	727	727	-
Charlotte-Meck County	276,792	276,792	-
Iredell-Statesville Co Schools	6,372	6,372	-
Mooresville City	5,274	5,274	-
U.S. Government	57,232	48,767	(8,465)
Donations	1,402	6,496	5,094
Others	108,414	103,320	(5,094)
Total revenues	<u>1,203,670</u>	<u>1,182,909</u>	<u>(20,761)</u>
EXPENDITURES			
Salaries and bonuses	732,162	731,643	520
Employee benefits	134,184	127,588	6,596
Books and supplies	33,194	32,031	1,163
Technology	3,510	3,489	22
Non-capitalized equipment and leases	20,841	19,756	1,086
Contracted student services	51,066	43,542	7,523
Staff development	10,743	6,597	4,147
Administrative services	107,719	107,547	172
Insurance	37,229	35,806	1,423
Facilities	86,088	85,670	417
Utilities	50,032	49,534	498
Nutrition and food	9,501	8,485	1,016
Transportation and travel	405	405	-
Total	<u>1,276,675</u>	<u>1,252,092</u>	<u>24,583</u>
Capital outlay	-	-	-
Total expenditures	<u>1,276,675</u>	<u>1,252,092</u>	<u>24,583</u>
Other financing sources (uses):			
Transfers	-	37,544	37,544
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>37,544</u>	<u>37,544</u>
Excess of revenue over expenditures	<u>\$ (73,005)</u>	<u>\$ (31,639)</u>	<u>\$ 41,366</u>
Fund balance - beginning		32,232	
Fund balance - ending		<u>\$ 593</u>	

LAKESIDE CHARTER ACADEMY

Schedule 2

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Proprietary Fund Types

For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Before/after school care	\$ 69,898	\$ 69,898	\$ -
Total revenues	<u>69,898</u>	<u>69,898</u>	<u>-</u>
EXPENDITURES			
Materials and supplies	811	811	-
Contracted services	10,000	9,664	336
Other	<u>3,380</u>	<u>5,965</u>	<u>(2,585)</u>
Total expenditures	<u>14,191</u>	<u>16,440</u>	<u>(2,249)</u>
Revenues over (under) expenditures	<u>55,707</u>	<u>53,458</u>	<u>(2,249)</u>
Other financing sources (uses):			
Federal reimbursements	-	-	-
Transfers	<u>-</u>	<u>(37,544)</u>	<u>(37,544)</u>
Total other financing sources	<u>-</u>	<u>(37,544)</u>	<u>(37,544)</u>
Revenues and other sources over (under) expenditures	<u>\$ 55,707</u>	<u>\$ 15,914</u>	<u>\$ (39,793)</u>

COMPLIANCE SECTION



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

**Independent Auditors' Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards***

To the Board of Directors
Lakeside Charter Academy
Cornelius, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Charter Academy, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lakeside Charter Academy's basic financial statements, and have issued our report thereon dated November 14, 2018.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakeside Charter Academy's financial statements are free of 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 determination of financial statement amounts. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rives & Associates LLP

Raleigh, North Carolina
November 14, 2018



Rives & Associates, LLP
Certified Public Accountants

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Certified Public Accountants

Member:
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Certified Public Accountants

Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance Required By the OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of Directors
Thunderbird Preparatory Academy
Cornelius, North Carolina

Report on Compliance for Each Major State Program

We have audited Thunderbird Preparatory Academy, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Thunderbird Preparatory Academy's major State programs for the year ended June 30, 2018. The Thunderbird Preparatory Academy's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Thunderbird Preparatory Academy's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standard, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Thunderbird Preparatory Academy's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Thunderbird Preparatory Academy's compliance.

Opinion on Each Major State Program

In our opinion, the Thunderbird Preparatory Academy complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major State program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Thunderbird Preparatory Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Thunderbird Preparatory Academy's internal control over compliance with the types of requirements that are appropriate in the circumstances that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major State program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Thunderbird Preparatory Academy's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rivers & Associates LLP

Raleigh, North Carolina
November 14, 2018

THUNDERBIRD PREPARATORY ACADEMY
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018

Finding: 2017-1

Condition: The auditor proposed to add indebtedness statement with all contracts and leases.

Status: Corrected

THUNDERBIRD PREPARATORY ACADEMY
Schedule of Expenditures and State Awards
For the Year Ended June 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass- Through Grantor's Number	Expenditures
FEDERAL GRANTS			
Cash Assistance			
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction			
Title VI-B Cluster:			
Title VI-B Handicapped	84.027A	PRC 060	47,756
Title VI-B Targeted Assistance (Special Needs)	84.027	PRC 118	1,011
Total Title VI-B Cluster			<u>48,767</u>
Total U.S. Department of Education			<u>48,767</u>
STATE GRANTS			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund - Charter Schools		PRC 036	723,701
State Public School Fund - Summer Reading Program		PRC 016	9,146
State Public School Fund - Test Results Bonus		PRC 048	2,314
Total State assistance			<u>735,161</u>
Total federal and State assistance			<u>\$ 783,928</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Lakeside Charter Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



Lakeside Charter Academy
17609 Old Statesville Rd.
Cornelius, NC 28031

October 31, 2019

Rives & Associates, LLP
4515 Falls of Neuse Road, Suite 450
Raleigh, North Carolina 27609

This representation letter is provided in connection with your audit of the financial statements of Thunderbird Preparatory Academy, Inc., which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 31, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 30, 2019, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of

noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the School is contingently liable, if any, have been properly recorded or disclosed.
- 11) The previous required rental payments through June 30, 2019 have been forgiven by the landlord. The School has entered into a new lease agreement effective July 1, 2019.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 20) The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) The Academy is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date

Government—specific

- 22) We have made available to you all financial records and related data.
- 23) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 24) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 25) The School has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for

reporting specific activities in separate funds.

- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal and state awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and state awards.
- 29) The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The School has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities.
- 34) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We have appropriately disclosed the School's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to federal and state award programs:
 - a) We are responsible for understanding and complying with and have complied with 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), including requirements relating to preparation of the schedule of expenditures of federal and State awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal and State awards (SEFA) in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we

issue the SEFA and the auditor's report thereon.

- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h) We have received no requests from a federal and state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal and State
- j) We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report
- k) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- o) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- p) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- q) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- s) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- u) We have charged costs to federal and state awards in accordance with applicable cost principles.
- v) We are responsible for and have accurately prepared the summary schedule of prior audit findings

to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal and State awarding agencies and pass-through entities, including all management decisions.

- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signed: Signed: *Melina M. W. D.*

Title: Title: **Board Treasurer**

THUNDERBIRD PREPARATORY ACADEMY, INC.

Financial Statements and
Supplementary Information

Year Ended June 30, 2019



Rives & Associates, LLP
Certified Public Accountants and Consultants

THUNDERBIRD PREPARATORY ACADEMY, INC.

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June 30, 2019

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FINANCIAL SECTION



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

Independent Auditors' Report

To the Board of Directors
Thunderbird Preparatory Academy, Inc.
Cornelius, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Thunderbird Preparatory Academy, Inc., North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Thunderbird Preparatory Academy, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Thunderbird Preparatory Academy, Inc. as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Thunderbird Preparatory Academy, Inc. will continue as a going concern. As discussed in Note VII to the financial statements, the School's enrollment is down and the school has not been able to make rent or debt payments due to cash flow issues. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plan regarding those matters are also described in Note VII. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Thunderbird Preparatory Academy, Inc.'s basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary schedule, as well as the accompanying schedule of expenditures of Federal and State awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule, and the accompanying schedule of expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2019 on our consideration of Thunderbird Preparatory Academy, Inc.'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 these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Thunderbird Preparatory Academy, Inc.'s internal control over financial reporting and compliance.

Rives & Associates LLP

Raleigh, North Carolina
October 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Thunderbird Preparatory Academy, Inc.

Management's Discussion and Analysis

For the Year Ended June 30, 2019

As management of Thunderbird Preparatory Academy, Inc., we provide these financial statements and this narrative overview and analysis of the School's financial position at June 30, 2019, and its operations for the year then ended. We encourage readers to review the discussion presented herein in conjunction with additional information included in the financial statements and notes, which follow this section.

Financial Highlights

- The liabilities of Thunderbird Preparatory Academy, Inc. exceeded its assets at the close of the fiscal year by \$363,471 (*net position*).
- The School's total net position decreased by \$292,463, primarily due to a decrease in the governmental activities' net position.
- As of the close of the current fiscal year, Thunderbird Preparatory Academy, Inc.'s governmental funds reported combined ending fund balances of (\$137,884), a decrease of \$138,477 in comparison with the prior year.
- The State funded Average Daily Membership (ADM) was 497 in 2015-16, 155 in 2016-17, 123 in 2017-18, and 94 for the current fiscal year.
- During the current fiscal year, there were no changes in Thunderbird Preparatory Academy, Inc.'s total long-term debt. The School's long-term debt totaled \$349,470 on June 30, 2019.

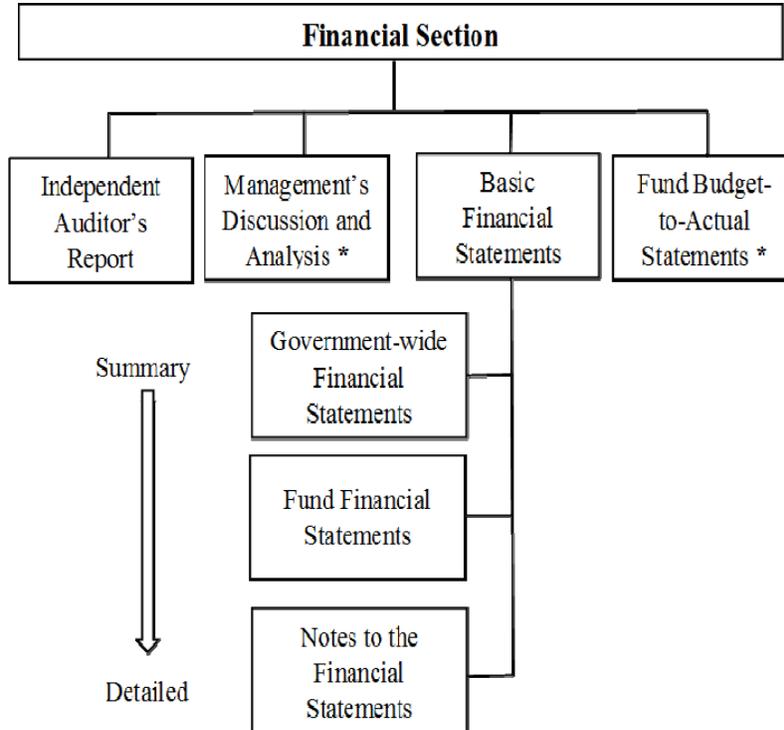
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Thunderbird Preparatory Academy, Inc.'s basic financial statements. The School's basic financial statements consist of three components: the government-wide financial statements, the fund financial statements, and the notes to the financial statements. The basic financial statements present two different views of the School through the use of the government-wide statements and the fund financial statements. In addition to the basic financial statements, the annual financial report contains the independent auditor's report, certain required supplementary information and other required schedules that provide additional information to enhance the reader's understanding of the financial position and activities of the School.

The chart in Figure 1 outlines the relationships of the components of the annual financial report.

Components of Annual Financial Report

Figure 1



* Required Supplementary Information

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School’s financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School’s

individual funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and how it has changed. Net position is the difference between the School's total assets minus the total of liabilities plus deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county and federal funds provide virtually all of the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide. These include the Before and After School Care activities carried out by Thunderbird Preparatory Academy, Inc.

The condensed government-wide financial statements are provided in Figures 2 and 3 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Thunderbird Preparatory Academy, Inc., like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of Thunderbird Preparatory Academy, Inc. can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net

**Management's Discussion and Analysis
Thunderbird Preparatory Academy, Inc.
June 30, 2019**

Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Because the budget is not legally required by the statutes, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether the School has succeeded in providing the services as planned when the budget was adopted.

Proprietary Funds – Thunderbird Preparatory Academy, Inc. has one proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Thunderbird Preparatory Academy, Inc. uses enterprise funds to account for its Before and After School Care functions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Government-Wide Financial Analysis

As previously noted, net position may, over time, serve as one useful indicator of a school's financial condition. The liabilities of Thunderbird Preparatory Academy, Inc. exceeded assets by \$363,471 as of June 30, 2019. At June 30, 2018, the net position of the School stood at (\$71,008). The School's net position decreased by \$292,463 for the fiscal year ended June 30, 2019, compared to a decrease of \$103,875 in 2018. The amount of \$223,534 represents the School's investment in capital assets (e.g. leasehold improvements, computer and equipment, and school furnishings) less outstanding debt issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining net asset amount, (\$587,005), is unrestricted. In 2018, the amount of net investment in capital assets was \$196,836, with unrestricted net position standing at (\$267,844).

A condensed statement of net position which summarizes the assets, liabilities, and net position at June 30, 2019 and 2018 is as follows:

**Thunderbird Preparatory Academy, Inc.'s
Condensed Statement of Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Cash and cash equivalents	\$ 6,705	\$ 116,434	\$ -	\$ 73,279	\$ 6,705	\$ 189,713
Other current assets	29,448	10,395	108,749	108,749	138,197	119,144
Capital assets, net of depreciation	223,534	243,187	-	-	223,534	243,187
Total assets	259,687	370,016	108,749	182,028	368,436	552,044
Current and other liabilities	382,437	273,582	-	-	382,437	273,582
Long-term liabilities	349,470	349,470	-	-	349,470	349,470
Total liabilities	731,907	623,052	-	-	731,907	623,052
Net position:						
Net investment in capital assets	223,534	196,836	-	-	223,534	196,836
Unrestricted	(695,754)	(449,872)	108,749	182,028	(587,005)	(267,844)
Total net position	\$ (472,220)	\$ (253,036)	\$ 108,749	\$ 182,028	\$ (363,471)	\$ (71,008)

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.
- The School applied for and was awarded federal grants to assist with meeting the educational needs of the student population.
- Generally speaking, funding changes proportionately with any changes in student enrollment.

Revenues, expenses, transfers and the change in net position is summarized in the following condensed statement of activities for the years ended June 30, 2019 and 2018:

**Thunderbird Preparatory Academy, Inc.'s
Condensed Statement of Activities
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 34,000	\$ -	\$ 235	\$ 69,860	\$ 34,235	\$ 69,860
Operating grants and contributions	36,542	48,767	-	-	36,542	48,767
County, State, and Federal funds	898,899	1,024,326	-	-	898,899	1,024,326
Unrestricted grants and contributions	8,485	103,320	8	38	8,493	103,358
Other	4,922	6,496	-	-	4,922	6,496
Total revenues	982,848	1,182,909	243	69,898	983,091	1,252,807
Expenses:						
Instructional services	951,764	983,250	-	-	951,764	983,250
System-wide support services	255,640	275,894	-	-	255,640	275,894
Community services	6,955	7,425	-	-	6,955	7,425
Interest on long-term debt	61,054	73,673	-	-	61,054	73,673
Before and after school care	-	-	141	16,440	141	16,440
Total expenses	1,275,413	1,340,242	141	16,440	1,275,554	1,356,682
Increase (decrease) in net position before transfers	(292,565)	(157,333)	102	53,458	(292,463)	(103,875)
Transfers	73,381	37,544	(73,381)	(37,544)	-	-
Change in net position	(219,184)	(119,789)	(73,279)	15,914	(292,463)	(103,875)
Net position, July 1	(253,036)	(133,247)	182,028	166,114	(71,008)	32,867
Net position, June 30	<u>\$ (472,220)</u>	<u>\$ (253,036)</u>	<u>\$ 108,749</u>	<u>\$ 182,028</u>	<u>\$ (363,471)</u>	<u>\$ (71,008)</u>

Governmental activities. Governmental activities decreased the School's net position by \$292,565, before a transfer of \$73,381 was received from business-type activities, reducing the decrease in net position to \$219,184.

Business-type activities. Business-type activities increased the School's net position by \$102, before a transfer of \$73,381 was made to the governmental fund.

Financial Analysis of the School's Funds

As previously noted, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Thunderbird Preparatory Academy, Inc.'s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$138,820), while total fund balance reached (\$137,884).

**Management's Discussion and Analysis
Thunderbird Preparatory Academy, Inc.
June 30, 2019**

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Before and After School Care fund at the end of the fiscal year amounted to \$108,749. The total change in net position for the Before and After School Care fund was (\$73,279), after a transfer was made to the governmental funds. Other factors concerning the finances of this fund have already been addressed in the discussion of the School's business-type activities.

Capital Asset and Debt Administration

Capital assets. Thunderbird Preparatory Academy, Inc.'s investment in capital assets for its governmental activities as of June 30, 2019, totals \$223,534 (net of accumulated depreciation). Capital assets include leasehold improvements, computer and equipment, and school furnishings.

The following schedule summarizes the School's capital assets as June 30, 2019 and 2018:

Thunderbird Preparatory Academy, Inc.'s Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities	
	2019	2018
Leasehold improvements	\$ 195,274	\$ 208,993
Computer and equipment	18,418	22,447
School furnishings	9,842	11,747
Capital assets, net	\$ 223,534	\$ 243,187

Additional information about the School's capital assets can be found in note II.A.2. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, Thunderbird Preparatory Academy, Inc. had total debt outstanding of \$349,470. The debt consists of a \$103,119 note payable to American Charter Development (ACD), a \$200,000 note payable to ALK Angel Holdings, and a second note payable to ACD in the amount of \$46,351.

The School's outstanding debt at June 30, 2019 and 2018 is summarized in the following schedule:

**Thunderbird Preparatory Academy, Inc.'s
Long-term Obligations
Figure 5**

	Governmental Activities	
	2019	2018
Notes payable direct borrowing:		
Note payable - ACD	\$ 103,119	\$ 103,119
Note payable - ALK	200,000	200,000
Note payable - ACD	46,351	46,351
Total long-term obligations	\$ 349,470	\$ 349,470

During the current fiscal year, there were no changes to Thunderbird Preparatory Academy, Inc.'s total long-term debt.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The State of North Carolina increased its per pupil funding by \$298.41 per ADM compared to the previous year. This equated to an increase of 5.98%.
- The school strives daily to continue to improve its relationships with all members of the community thereby enhancing its long-term presence as a solid member of the community.
- Thunderbird Preparatory Academy, Inc. continues to collaborate with school faculty, parents, students, and community partners to ensure its students become productive citizens in the community.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board Chair, Thunderbird Preparatory Academy, Inc., 17609 Old Statesville Road, Cornelius, NC 28031 Telephone (704) 896-9500. Additional information is available at the School's website, lakesidecharteracademy.com.

THUNDERBIRD PREPARATORY ACADEMY, INC.

Exhibit 1

Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,705	\$ -	\$ 6,705
Due from other governments	28,462	-	28,462
Receivables (net)	50	-	50
Due from other funds	-	108,749	108,749
Prepaid items	936	-	936
	36,153	108,749	144,902
Capital assets (Note II.A) 2):			
Capital assets, net of depreciation	223,534	-	223,534
Total capital assets	223,534	-	223,534
 Total assets	 259,687	 108,749	 368,436
LIABILITIES			
Accounts payable and accrued expenses	22,638	-	22,638
Short term note payable	42,650	-	42,650
Due to other funds	108,749	-	108,749
Accrued interest payable	208,400	-	208,400
Long-term liabilities:			
Due within one year	149,470	-	149,470
Due in more than one year	200,000	-	200,000
Total liabilities	731,907	-	731,907
NET POSITION			
Net investment in capital assets	223,534	-	223,534
Unrestricted	(695,754)	108,749	(587,005)
Total net position	\$ (472,220)	\$ 108,749	\$ (363,471)

The accompanying notes to the financial statements are an integral part of these statements.

THUNDERBIRD PREPARATORY ACADEMY, INC.

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instructional services	\$ 951,764	\$ -	\$ 36,542	\$ (915,222)	\$ -	\$ (915,222)
System-wide support services	255,640	34,000	-	(221,640)	-	(255,640)
Community services	6,955	-	-	(6,955)	-	(6,955)
Interest on long-term debt	61,054	-	-	(61,054)	-	(61,054)
Total governmental activities	<u>1,275,413</u>	<u>34,000</u>	<u>36,542</u>	<u>(1,204,871)</u>	<u>-</u>	<u>(1,238,871)</u>
Business-type activities:						
Before/after school care	<u>141</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>
Total business-type activities	<u>141</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>94</u>
Total primary government	<u>\$ 1,275,554</u>	<u>\$ 34,235</u>	<u>\$ 36,542</u>	<u>(1,204,871)</u>	<u>94</u>	<u>(1,238,777)</u>
General revenues:						
Unrestricted county appropriations				252,495	-	252,495
Unrestricted State appropriations				646,404	-	646,404
Donations- corporate contributions				4,922	-	4,922
Miscellaneous, unrestricted				8,485	8	8,493
Transfers				73,381	(73,381)	-
Total general revenues and transfers				<u>985,687</u>	<u>(73,373)</u>	<u>912,314</u>
Change in net position				(219,184)	(73,279)	(292,463)
Net position, beginning				<u>(253,036)</u>	<u>182,028</u>	<u>(71,008)</u>
Net position, ending				<u>\$ (472,220)</u>	<u>\$ 108,749</u>	<u>\$ (363,471)</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

**Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds		Non-Major	Total Governmental Funds
	General	State	Federal	
		Public School	Grants	
ASSETS				
Cash and cash equivalents	\$ 6,705	\$ -	\$ -	\$ 6,705
Due from other governments	28,462	-	-	28,462
Receivables (net)	50	-	-	50
Prepaid items	936	-	-	936
Total assets	<u>\$ 36,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,153</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 22,638	\$ -	\$ -	\$ 22,638
Short term note payable	42,650	-	-	42,650
Due to child care fund	108,749	-	-	108,749
Total liabilities	<u>174,037</u>	<u>-</u>	<u>-</u>	<u>174,037</u>
Fund balances:				
Nonspendable:				
Prepaid items	936	-	-	936
Unassigned	(138,820)	-	-	(138,820)
Total fund balances	<u>(137,884)</u>	<u>-</u>	<u>-</u>	<u>(137,884)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,153</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	223,534
Accrued interest payable included in the statement of net position did not require use of resources in current year	(208,400)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(349,470)
Net position of governmental activities	<u>\$ (472,220)</u>

The accompanying notes to the financial statements are an integral part of these statements.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>State Public School</u>	<u>Federal Grants</u>	
REVENUES				
State of North Carolina	\$ -	\$ 646,404	\$ -	\$ 646,404
Boards of Education	252,495	-	-	252,495
U.S. Government	-	-	36,542	36,542
Contributions and donations	4,922	-	-	4,922
Other	42,485	-	-	42,485
Total revenues	<u>299,902</u>	<u>646,404</u>	<u>36,542</u>	<u>982,848</u>
EXPENDITURES				
Current:				
Instructional services	374,168	541,055	36,542	951,765
System-wide support services	127,487	105,349	-	232,836
Community services	6,955	-	-	6,955
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	3,150	-	-	3,150
Total expenditures	<u>511,760</u>	<u>646,404</u>	<u>36,542</u>	<u>1,194,706</u>
Excess (deficiency) of revenues over expenditures	<u>(211,858)</u>	<u>-</u>	<u>-</u>	<u>(211,858)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	73,381	-	-	73,381
Total other financing sources (uses)	<u>73,381</u>	<u>-</u>	<u>-</u>	<u>73,381</u>
Net change in fund balance	(138,477)	-	-	(138,477)
Beginning fund balance	593	-	-	593
Ending fund balance	<u>\$ (137,884)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (137,884)</u>

The accompanying notes to the financial statements are an integral part of these statements.

THUNDERBIRD PREPARATORY ACADEMY, INC.

Exhibit 5

**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, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances- total governmental funds \$ (138,477)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (19,653)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (61,054)

Accrued interest

Total changes in net position of governmental activities \$ (219,184)

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Net Position
 Proprietary Fund
 June 30, 2019

	<u>Enterprise Funds</u>
	<u>Major Fund</u>
	<u>Before/After</u>
	<u>School Care</u>
ASSETS	
Current assets:	
Cash	\$ -
Due from general fund	108,749
Total assets	<u>\$ 108,749</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ -
Total current liabilities	<u>-</u>
NET POSITION	
Unrestricted	108,749
Total net position	<u>\$ 108,749</u>

The accompanying notes to the financial statements are an integral part of these statements.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

Exhibit 7

	Enterprise Funds
	Major Fund
	Before/After
	School Care
OPERATING REVENUES	
Child care fees	\$ 235
Total operating revenues	235
OPERATING EXPENSES	
Other	141
Total operating expenses	141
Operating income	94
NONOPERATING REVENUES	
Other income	8
Transfers to/from other funds	(73,381)
Total nonoperating revenues	(73,373)
Change in net position	(73,279)
Total net position - beginning	182,028
Total net position - ending	\$ 108,749

The accompanying notes to the financial statements are an integral part of these statements.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Funds
	Major Fund
	Before/After
	School Care
CASH FLOWS FROM OPERATING ACTIVITES	
Cash received from customers	\$ 235
Cash paid for goods and services	(141)
Net cash provided by operating activities	94
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES	
Interest income	8
Transfers (to)/from other funds	(73,381)
Net cash used by noncapital financing activities	(73,373)
Net increase (decrease) in cash and cash equivalents	(73,279)
Balances - beginning of year	73,279
Balances - end of year	\$ -
Reconciliation of operating income to cash used by operating activities:	
Operating income	\$ 94
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in payables	-
Net cash provided by operating activities	\$ 94

The accompanying notes to financial statements are an integral part of these statements.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Thunderbird Preparatory Academy, Inc. (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities, such as Thunderbird Preparatory Academy, Inc. Because of the authority of the State Board of Education (the “SBE”) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A) Reporting Entity

Thunderbird Preparatory Academy, Inc. is a North Carolina non-profit corporation incorporated in 2014. Pursuant to the provisions of the Charter School Act of 1996 as amended (the “Act”), Thunderbird Preparatory Academy, Inc. has been approved to operate Lakeside Charter Academy, a public school serving approximately 94 students. The School operates under an approved charter received from the SBE, and applied for under the provisions of General Statute 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2019 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

Thunderbird Preparatory Academy, Inc. has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

B) Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (“GASB 34”), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

Government-wide Statements: The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

Fund Financial Statements: The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following major enterprise fund:

Before and After Child Care Fund: The Before and After Child Care Fund is used to account for the child care program within the School.

THUNDERBIRD PREPARATORY ACADEMY, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

Annual budgets are adopted for all funds, on a School wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2019. All appropriations lapse at year end.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in local banks, whose accounts are FDIC insured. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items

4. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Computer and equipment	5
School furnishings	10

THUNDERBIRD PREPARATORY ACADEMY, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity
(Continued)**

5. Deferred outflows / inflows of resources

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of financial 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 and so will not be recognized as revenue until then. The School has no items that meets this criterion.

6. Compensated Absences

The School's paid time off policy does not allow vesting for payment if not used. Therefore, no accrual is included in the financial statements.

7. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

THUNDERBIRD PREPARATORY ACADEMY, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Net Position/Fund Balances (Continued)

Fund Balance

In the governmental fund financial statements, fund balance is composed of two classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification 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.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operating expenses of the School which is not a spendable resource.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

THUNDERBIRD PREPARATORY ACADEMY, INC.

Notes to the Financial Statements

For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

8. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of (\$334,336) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 275,701
Less accumulated depreciation	<u>(52,167)</u>
Net capital assets	223,534
Accrued interest payable recognized in the statement of net position but not reported	(208,400)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Debt financing	(349,470)
Total adjustment	<u>\$ (334,336)</u>

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses

1. Funding

The School is funded by the State Board of Education (SBE), receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Charlotte/Mecklenburg County Schools) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-218.105(a)].

Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. (G.S. 115C-218.105(b)).

Additionally, the School receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides. (G.S. 115C-218.105 (c)). Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides.

For the fiscal year ended June 30, 2019, the School received funding from the Board of Education for Charlotte-Mecklenburg County (\$246,781), Cabarrus County (\$2,464) and Iredell-Statesville County (\$3,250).

Furthermore, Thunderbird Preparatory Academy, Inc. has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

THUNDERBIRD PREPARATORY ACADEMY, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of (\$80,707) between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ -
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(19,653)
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Accrued interest that is recorded on the statement of activities but not in the fund statements	(61,054)
Total	<u>\$ (80,707)</u>

G) Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2019, the School had deposits with banks and savings and loans with a carrying amount of \$6,405. The bank balance with the financial institutions was \$26,252, all of which was covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk. The School holds \$300 in petty cash.

2. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Leasehold improvements	222,638	-	-	222,638
Computer and equipment	34,014	-	-	34,014
School furnishings	19,049	-	-	19,049
Total assets	275,701	-	-	275,701
Less accumulated depreciation for:				
Leasehold improvements	13,645	13,719	-	27,364
Computer and equipment	11,567	4,029	-	15,596
School furnishings	7,302	1,905	-	9,207
Total accumulated depreciation	32,514	19,653	-	52,167
Governmental activity capital assets, net	\$ 243,187			\$ 223,534

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 19,653
	\$ 19,653

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities

1. Retirement Plan

The Thunderbird Preparatory Academy, Inc. has adopted a tax deferred annuity retirement plan under Internal Revenue Code section 401 (k). The Thunderbird Preparatory Academy, Inc. Retirement Plan (The Plan) is a defined contribution plan and is administered by American Funds. The plan was effective July 1, 2015. All full-time employees who have reached age 21 are eligible to participate in the plan after completion of one year of service to the School. Thunderbird Preparatory Academy, Inc. will contribute up to 2%. The employee may make voluntary contributions, pursuant to a salary reduction agreement, of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code.

At June 30, 2019, all eligible employees of the School were included in the plan. The Thunderbird Preparatory Academy, Inc. made all required contributions. For the year ended June 30, 2019, the pension cost to the School was \$5,690.

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of \$1 million per occurrence with a commercial carrier.

As authorized by G.S. 115C-218.90(a)(4), Thunderbird Preparatory Academy, Inc. also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan ("Medical Plan"), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through this plan, permanent full-time employees of the School are eligible to receive health care benefits. The School pays the full cost of coverage for employees enrolled in the Medical Plan.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligation

a) Installment Notes

The School entered into a direct borrowing in March 2015 with American Charter Development for \$150,000 related to the operations of the School. The loan was amended during the year ended June 30, 2018 to extend maturity to December 15, 2019, with interest calculated on unpaid principal balances at 9.5%. The outstanding loan balance at June 30, 2019 was \$103,119. The accrued interest on the loan at June 30, 2019 was \$38,254.

The School entered into another direct borrowing in July 2016 with American Charter Development for \$51,744 related to construction costs of the School. The loan was amended during the year ended June 30, 2018 to extend maturity to December 15, 2019, with interest calculated on unpaid principal balances at 9.5%. The outstanding loan balance at June 30, 2019 was \$46,351. The accrued interest on the loan at June 30, 2019 was \$11,317.

The School entered into a direct borrowing in April 2015 with ALK Angel Holdings for up to \$250,000 related to operations of the School. The outstanding balance of the loan at June 30, 2019 was \$200,000. The loan is to be repaid with interest only payments of \$4,167 monthly through the maturity date. The entire balance of the loan will be paid back by June 1, 2022. The direct borrowing is secured by a first priority security interest in and lien upon all of the School's right, title and interest in and to the deposit account and the account collateral and all current and future proceeds thereof. The accrued interest on the loan at June 30, 2019 was \$145,872.

The following is a summary of the changes in the School's general long-term obligations for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Direct note payable – ACD	\$ 103,119	\$ -	\$ -	\$ 103,119	\$ 103,119
Direct note payable – ALK	200,000	-	-	200,000	-
Direct note payable – ACD	46,351	-	-	46,351	46,351
Total	\$ 349,470	\$ -	\$ -	\$ 349,470	\$ 149,470

Payments on the general long-term obligations to maturity are as follows:

<u>Year ending</u>	
June 30, 2020	\$ 149,470
June 30, 2021	-
June 30, 2022	<u>200,000</u>
Total	\$ <u>349,470</u>

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

C) Interfund Balances and Activity

During the year ended June 30, 2019, \$73,381 was transferred from the General Fund to the Before/After School Care Fund to supplement operations.

The composition of interfund balances as of June 30, 2019, is as follows:

Balance owed to the Before and After School Fund from the General Fund to repay previous funds borrowed to supplement operations. \$ 108,749

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	\$ (137,884)
Less:	
Prepaid items	9,36
Remaining fund balance	\$ (138,820)

III. RELATED PARTY TRANSACTIONS

A Board Member also works for American Charter Development (ACD), a company that provided original facility development services for the School. ACD does not own the building and is not the landlord of the School; however, ACD is a guarantor on subordinated debt of the current landlord. Additionally, as discussed in Note II (B)(3) ACD has loaned the school funds and as of June 30, 2019 the School owed ACD \$149,470.

ACD also lent the School \$81,000 on November 5, 2018 as a short term note payable. The total principle sum, or the amount thereof outstanding, together with any accrued but unpaid interest was due February 5, 2019. As of June 30, 2019 the outstanding balance on this short term note was \$42,650.

THUNDERBIRD PREPARATORY ACADEMY, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2019

IV. LIMITED PARTNERSHIP AGREEMENT

During June 30, 2015, the Board of Directors of the School voted to enter into a limited partnership agreement with Thunderbird Charter School, LP (the LP). The purpose of the partnership is to: develop a school facility, hire and manage school personnel and educate children. The School is the General Partner in the LP. The LP obtained \$3,000,000 to American Charter Development, LLC for development of the project (school facility). In June 2015, the project (school facility) was purchased by Vertex. With this purchase, Vertex assumed the obligation to repay the \$3,000,000 to the investors. After the investors obtain the I-829 Green Card adjudication – approval or denial (through the Federal Eb-5 Immigrant Investor Program), the School has the option to purchase the school facility from Vertex at which time Vertex would repay the \$3,000,000 obligation to the investors. All School employees are employees of the LP.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VI. SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 31, 2019, which is the date the financial statements were available to be issued.

The School entered into a lease agreement for rent of the building, beginning July 1, 2019 that expires after a 20 year term on June 30, 2039. The monthly base rent on the new lease will be determined by 25% of all Tenant's gross revenues from grants or gifts specifically for the facility and from enrollment of students in the school.

VII. GOING CONCERN CONSIDERATIONS

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the School as a going concern. Funding from the State and Local LEAs is based on student enrollment numbers. Student enrollment for the year ending June 30, 2019 was approximately 94 students and as of the report date, the School has 122 students enrolled. The School was unable to make their required lease payments for the majority of the year ending June 30, 2019. The School was also unable to make all of their debt and interest payments for the year ending June 30, 2019. The continuance of the School's operations depends on its ability to attract and maintain students and to operate within its cash flow. These factors raise doubt about the School's ability to continue as a going concern. Management is taking measures to increase student enrollment and has renegotiated their rent agreement with their landlord as of July 1, 2019.

SUPPLEMENTARY INFORMATION

THUNDERBIRD PREPARATORY ACADEMY, INC.

Schedule 1

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Government Fund Types

For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
State of North Carolina	\$ 657,278	\$ 646,404	\$ (10,874)
Boards of Education:			
Cabarrus County	-	2,464	2,464
Charlotte-Meck County	256,194	246,781	(9,413)
Iredell-Statesville Co Schools	-	3,250	3,250
U.S. Government	49,493	36,542	(12,951)
Donations	73,380	4,922	(68,458)
Others	73,950	42,485	(31,465)
Total revenues	<u>1,110,295</u>	<u>982,848</u>	<u>(127,447)</u>
EXPENDITURES			
Salaries and bonuses	666,118	668,910	(2,792)
Employee benefits	80,289	125,551	(45,262)
Books and supplies	31,811	68,441	(36,630)
Technology	14,410	14,097	313
Non-capitalized equipment and leases	11,000	19,809	(8,809)
Contracted student services	16,100	35,619	(19,519)
Staff development	19,175	5,456	13,719
Administrative services	80,302	107,942	(27,640)
Insurance	23,646	3,290	20,356
Rent	63,777	3,388	60,389
Facilities	31,700	75,946	(44,246)
Utilities	46,100	50,457	(4,357)
Nutrition and food	5,500	12,191	(6,691)
Transportation and travel	-	459	(459)
Federal programs	-	-	-
Total	<u>1,089,928</u>	<u>1,191,556</u>	<u>(101,628)</u>
Debt service:			
Principal	-	-	-
Interest and other charges	-	3,150	(3,150)
Total debt service	<u>-</u>	<u>3,150</u>	<u>(3,150)</u>
Total expenditures	<u>1,089,928</u>	<u>1,194,706</u>	<u>(104,778)</u>
Other financing sources (uses):			
Transfers	-	73,381	73,381
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>73,381</u>	<u>73,381</u>
Excess of revenue over expenditures	<u>\$ 20,367</u>	<u>\$ (138,477)</u>	<u>\$ (158,844)</u>
Fund balance - beginning		593	
Fund balance - ending		<u>\$ (137,884)</u>	

THUNDERBIRD PREPARATORY ACADEMY, INC.

Schedule 2

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Proprietary Fund Types

For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Before/after school care	\$ -	\$ 235	\$ 235
Total revenues	<u>-</u>	<u>235</u>	<u>235</u>
EXPENDITURES			
Food purchases		-	-
Salaries and benefits	-	-	-
Materials and supplies	-	-	-
Contracted services	-	-	-
Other	-	141	(141)
Total expenditures	<u>-</u>	<u>141</u>	<u>(141)</u>
Revenues over (under) expenditures	<u>-</u>	<u>94</u>	<u>94</u>
Other financing sources (uses):			
Interest income	-	8	8
Transfers	-	(73,381)	(73,381)
Total other financing sources	<u>-</u>	<u>(73,373)</u>	<u>(73,373)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (73,279)</u>	<u>\$ (73,279)</u>

COMPLIANCE SECTION



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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
Thunderbird Preparatory Academy, Inc.
Cornelius, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thunderbird Preparatory Academy, Inc., as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Thunderbird Preparatory Academy, Inc.'s basic financial statements, and have issued our report thereon dated October 31 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Thunderbird Preparatory Academy, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Thunderbird Preparatory Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Thunderbird Preparatory Academy, Inc.'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 the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thunderbird Preparatory Academy, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rives & Associates LLP

Raleigh, North Carolina
October 31, 2019



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Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance Required By the OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of Directors
Thunderbird Preparatory Academy, Inc.
Cornelius, North Carolina

Report on Compliance for Each Major State Program

We have audited Thunderbird Preparatory Academy, Inc., North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Thunderbird Preparatory Academy, Inc.'s major State programs for the year ended June 30, 2019. Thunderbird Preparatory Academy, Inc.'s major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Thunderbird Preparatory Academy, Inc.'s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standard, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Thunderbird Preparatory Academy, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Thunderbird Preparatory Academy, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, the Thunderbird Preparatory Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major State program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Thunderbird Preparatory Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Thunderbird Preparatory Academy, Inc.'s internal control over compliance with the types of requirements that are appropriate in the circumstances that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major State program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Thunderbird Preparatory Academy, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be significant deficiencies.

Thunderbird Preparatory Academy, Inc.'s response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questions costs. Thunderbird Preparatory Academy, Inc.'s response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Accordingly, this report is not suitable for any other purpose.

Rivers & Associates LLP

Raleigh, North Carolina
October 31, 2019

Thunderbird Preparatory Academy, Inc.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-001

SIGNIFICANT DEFICIENCY

Criteria: The school must adopt a policy mirroring that of the local school board for completing background checks.

Condition: The school must complete a criminal background check for each employee during the year.

Effect: The school is in violation of this statute.

Cause: The school did not run criminal history checks on any employee during the year.

Questioned Costs: N/A

Recommendation: The school should run a criminal history check on each employee before providing that employee with an offer of employment.

Finding 2019-002

SIGNIFICANT DEFICIENCY

Criteria: The school shall obtain and maintain the minimum insurance levels per the Charter Agreement.

Condition: The school must maintain all insurance policies required for the full fiscal year.

Effect: The school is in violation of this statute.

Cause: The school had a lapse in their Workers Compensation insurance resulting in being uncovered for 15 days of the year.

Questioned Costs: N/A

Recommendation: The school should maintain payments on their insurance policies to maintain proper coverage.

Views of responsible officials and planned corrective actions: The School agrees with this finding. Please refer to the corrective action plan on page 42.

Thunderbird Preparatory Academy, Inc.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2019-002

SIGNIFICANT DEFICIENCY

Criteria: The school must adopt a policy mirroring that of the local school board for completing background checks.

Condition: The school must complete a criminal background check for each employee during the year.

Effect: The school is in violation of this statute.

Cause: The school did not run criminal history checks on any employee during the year.

Questioned Costs: N/A

Recommendation: The school should run a criminal history check on each employee before providing that employee with an offer of employment.

Finding 2019-003

SIGNIFICANT DEFICIENCY

Criteria: The school shall obtain and maintain the minimum insurance levels per the Charter Agreement.

Condition: The school must maintain all insurance policies required for the full fiscal year.

Effect: The school is in violation of this statute.

Cause: The school had a lapse in their Workers Compensation insurance resulting in being uncovered for 15 days of the year.

Questioned Costs: N/A

Recommendation: The school should maintain payments on their insurance policies to maintain proper coverage.

Views of responsible officials and planned corrective actions: The School agrees with this finding. Please refer to the corrective action plan on page 42.



Lakeside Charter Academy
17609 Old Statesville Rd.
Cornelius, NC 28031

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-001

Name of contact person: Susanne George

Corrective action:

Lakeside board, staff and administration are committed to reaching financial compliance through collaborative efforts. For the 2020 fiscal year Lakesides growth was over 73% from the previous year. Exceeding their enrollment over the 30%, increased their county revenues for the school. Lakeside also hired a new Business Manager with a background in budgeting. The current Business Manager has worked extensively with Acadia, Dr. Montague and the board to work within the budget through joint efforts and constant communication. Administration has gone through pay arrangements with the staff and have established policies and arrangements that will stabilize the payroll portion of the budget for the wellbeing of the school. Spending has been decreased by cutting back on waste and a Parent Action Team has been organized to help with fundraising efforts. With the school on financial cautionary compliance and receiving an allotment each month, they are working to be sure we are within our budget on a monthly basis. The board will be more involved as they view budget expenses weekly. Currently the school is active in community events with the intent to bring awareness to the school increasing student applications which will bring increased revenues for next year.

Proposed completion date: On going through June 30, 2019

SECTION III - STATE AWARDS AND QUESTIONED COSTS

Finding 2019-002

Name of contact person: Susanne George

Corrective action:

Once it became apparent that background checks had not been ran, or immediately on all staff. These were completed and filed in personnel folders members including substitutes, have backgrounds check ran before work Lakeside is using.

Proposed completion date: October 15, 2019



Lakeside Charter Academy
17609 Old Statesville Rd.
Cornelius, NC 28031

SECTION III - STATE AWARDS AND QUESTIONED COSTS

Finding 2019-003

Name of contact person: Susanne George

Corrective action:

Once it became apparent that the premiums for workers comp had not been paid, the process began immediately to get it reinstated. The issue date for the new policy was 9/30/2019. Policy Period is from 10/01/2019 to 10/01/2020. Employers Preferred is the workers comp carrier.

Proposed completion date: September 30, 2019

Thunderbird Preparatory Academy, Inc.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

No findings in the prior year

Thunderbird Preparatory Academy, Inc.
Schedule of Expenditures and State Awards
For the Year Ended June 30, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Expenditures</u>
FEDERAL GRANTS			
Cash Assistance			
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction			
Title VI-B Cluster:			
Title VI-B Handicapped	84.027A	PRC 060	32,076
Title VI-B Targeted Assistance (Special Needs)	84.027	PRC 118	4,466
Total Title VI-B Cluster			<u>36,542</u>
Total U.S. Department of Education			<u>36,542</u>
STATE GRANTS			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund - Charter Schools		PRC 036	629,475
State Public School Fund - Summer Reading Program		PRC 016	16,929
Total State assistance			<u>646,404</u>
Total federal and State assistance			<u><u>\$ 682,946</u></u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Lakeside Charter Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

October 31, 2019

Board of Directors and Management of
Lakeside Charter Academy
Cornelius, North Carolina

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lakeside Charter Academy for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Lakeside Charter Academy are described in Note I to the financial statements. The School did not implement any new standards during the year ended June 30, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the School's financial statements were:

Management's estimate of depreciation is based on an analysis of estimated useful lives of individual assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and board members of Lakeside Charter Academy and is not intended to be and should not be used by anyone other than these specified parties.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management and the board of directors of Lakeside Charter Academy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Rivers & Associates LLP

Raleigh, North Carolina

Exhibit C: NC ACCESS Program Subgrant Application Evaluation Rubrics



**North Carolina Advancing Charter Collaboration
and Excellence for Student Success (NC ACCESS) Program
Subgrant Application Rubric**

Applicant:

Lakeside Charter Academy

Reviewer Name:

Joann Jacullo-Noto

Overview of the NC ACCESS Subgrant Program

In 2018, the North Carolina Department of Public Instruction (NCDPI) was awarded a Public Charter Schools Program (CSP) grant from the U.S. Department of Education (USDOE) of approximately \$26,600,000. The CSP grant will be used to implement the North Carolina Advancing Charter Collaboration and Excellence for Student Success (NC ACCESS) Program to:

1. Increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students;
2. Develop a cohort of 100 charter school leaders who can develop and demonstrate best practices in serving educationally disadvantaged students; and
3. Broadly disseminate best practices in serving educationally disadvantaged students and foster collaboration in the charter school community and between charter schools and traditional public schools.

The NC ACCESS Program and CSP define educationally disadvantaged students as students who are economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students.

The NC ACCESS program has allocated the majority of the CSP funds to advance Priority 1 listed above through school-level subgrants, though subgrant recipients must also demonstrate a desire to share best practices with both charter schools and traditional public schools. For each of the five (5) years of the federal CSP award, the NC ACCESS Program will run a competitive subgrant competition and award subgrants to North Carolina charter schools that propose a comprehensive plan to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students.

Ratings and Criteria

The NC ACCESS Subgrant Program is a competitive application process designed to award funding for schools that propose to serve an increased number of educationally disadvantaged students. Each subgrant application will be reviewed by a team of NC ACCESS Program team members and external evaluators. All evaluations will be considered, and a recommendation will be made to the Charter School Advisory Board (CSAB). The CSAB will take all recommendations, application reviews, and due diligence

into account and make a recommendation for the approval of subgrants to the State Board of Education (State Board). The State Board will determine the final approval of all subgrant awards.

A subgrant application that merits a recommendation for approval should present a clear, realistic picture of how the school expects to successfully implement the proposed plans to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students. In addition to meeting the criteria that are specific to each section, each part of the proposal should align with the overall mission, budget, and goals of the application and NC ACCESS Program.

Recommendations for approval or denial will be based on the completed application which includes school information, signed assurances, enrollment projections, application narrative, budget, budget narrative, logic model, and appendices. The enrollment projections, application narrative, budget, budget narrative, and logic model are scored out of a possible one hundred (100) points. Applicants must score at least eighty (80) points to meet the standard.

Applications that do not meet standard in all sections as evidenced by the summary review ratings will be deemed not ready for approval.

Instructions for Reviewers

Reviewers should complete each rubric section based on the evidence provided in the application. There are seven (7) total rating sections to complete:

- I. Applicant Contact Information
- II. Signed Assurances
- III. Application Narrative (70 points possible)
 - a. Enrollment Projections (10 points)
 - b. Education Plan (30 points)
 - c. Operations Plan (30 points)
 - d. If applicable, a school closure plan (check for completeness)
- IV. Budget, Budget Narrative, and Logic Model (30 points possible)
 - a. Budget (15 points)

- b. Budget Narrative (10 points)
 - c. Logic Model (5 points)
- V. Competitive Preference Standards (optional; up to 12 points possible)
- VI. Priority Consideration Status (optional; up to 4 standards possible)
- VII. Certification
- VIII. Appendices (there is no scoring associated with section VII; information will supplement sections III, IV, V, and VI)

Please note that there may be appendices to support information provided in the above sections. When evaluating an application, reviewers should both rate each section and provide comments, if applicable. Reviewers should look for responses that reflect a thorough understanding of key issues and barriers for educationally disadvantaged students. Responses should clearly align with the mission, goals, and budget of the proposed plan. Each response should include specific and accurate information that shows thorough preparation and understanding of school operations and serving educationally disadvantaged students. Reviewers should use objective language and complete sentences in their comments on the strengths and weaknesses/areas of concern of each section of the application. The comments and evidence provided are as significant as the rating. Below are examples of specific and detailed comments:

Strengths of the application:

- “The plan aligns with the overall mission and goals because...”
- “The education and discipline plans are research based and proven effective with the targeted population of students because...”
- “The lunch program is comparable to the National School Lunch Program and will support an educationally disadvantaged population by...”
- “The marketing plan clearly outlines how the school will recruit and enroll a higher educationally disadvantaged population by...”
- “The budget uses sound assumptions and is consistent with the goals of the proposed plan.”

Weaknesses/areas of concern of the application:

- “The curriculum and school calendar do not align with the mission and goals because . . .”
- “The discipline plan does not include provisions for students with disabilities.”
- “The budget assumptions include the unallowable use of funds for construction.”

- “The plan proposes two buses, but there is no accompanying line item in the budget that allocates funds for purchasing buses.”

Once all seven (7) rating sections are scored individually, the evaluator should complete the summary ratings page with all final ratings and scores. In order to pass the review, applicants must (a) meet all criteria in sections (I), (II), and (VII); and (b) score at least eighty (80) combined points between sections (III), (IV), and (V). Section (VI) will be used to determine priority if there are more eligible applications than subgrant awards. The CSAB will make a final recommendation to the State Board on subgrant awards. The State Board will determine the final approval of all subgrant awards.

**Please remember that all documents, including your individual review, will be available to the public.*

Application Scoring Rubric

Section I – Application Contact Information

Characteristics of a strong response:	
<ul style="list-style-type: none"> All applicant contact information is complete and accurate. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Applicant contact information is complete and accurate.	

Section II – Assurances

Characteristics of a strong response:	
<ul style="list-style-type: none"> Assurances are signed. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Assurances are signed.	

Section III – Application Narrative

A. Enrollment Projections			
A.1 Explain the rationale behind the projected enrollment figures; specifically, how the projected numbers are both ambitious and feasible.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Enrollment projections are complete, ambitious, and realistic. • Enrollment projections demonstrate a significant increase of educationally disadvantaged students, including economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
Projections re-stated with a growth of 190 students expected. Prior growth was 36% 2020. In 2025 there are to be 48% Ed students enrolled.			5
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

A.2 Describe how the school plans to implement a weighted lottery.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear description of the process and mechanism for implementing a weighted lottery. • Clearly articulated subgroup category weights and/or enrollment percentage goals. • Rationale for the applied weights are reasonable and justified. 			
Points Possible:	5	Points Earned:	1
Strengths			Page
The proposal states a lottery is to be used. Children of staff and Board members are to receive priority.			8
Weaknesses/Areas of Concern			Page
The proposal does not give the mechanism or process to be used. Category weights are not stated, nor percentage goals. The rationale is not provided.			8

Section III – Application Narrative (cont.)

B. Education Plan			
B.1 Provide a General Education Provision Act (GEPA) statement demonstrating how the school has or will eliminate any and all barriers to enrollment for educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Statement clearly articulates the school's desire and plan to eliminate any and all barriers to enrollment for all students, especially educationally disadvantaged students. 			
Points Possible:	2	Points Earned:	2
Strengths			Page
All barriers will be eliminated at the school. Buses to be purchased are to remove barriers.			9
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B.2 Provide at least three (3) school-specific subgrant program goals. Subgrant goals must be SMART (specific, measurable, achievable, rigorous, and time-bound).			
Characteristics of a strong response:			
<ul style="list-style-type: none"> All goals are specific, measurable, achievable, rigorous, and time-bound. Goals are aligned to the NC ACCESS Program and activities in the subgrant application. 			
Points Possible:	3	Points Earned:	3
Strengths			Page
Three subgrants are identified. They are for Advanced Therapy, Speech Language Center and Confident Solutions. A healthful living area is to be set up to enrich students.			10,15
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B.3 Describe how the school's academic program is or will be specifically tailored to meet the needs of educationally disadvantaged students. Include specific strategies the charter school currently uses or plans to use to serve educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear and comprehensive description of the strategies being utilized to serve educationally disadvantaged students, especially intervention, differentiation, and support services. • A robust and quality curriculum overview, supported by research, with a plan for implementation. • Evidence the proposed academic plan will be appropriate and effective for growing all students while at the same time closing achievement gaps. 			
Points Possible:	10	Points Earned:	8
Strengths			Page
The program will employ a part time ELL teacher, a speech therapist and occupational therapist. Physical therapy will also be provided. A federal free lunch program will be used. By 2021, 40% of students will receive free transportation.			10
Weaknesses/Areas of Concern			Page
No evidence is provided that the plan will be effective for all in an attempt to close the achievement gap. Limited research evidence is provided.			

B.4 Explain how the charter school's education plan compares to or differs from that of the local LEA(s).			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear articulation of the services and programs offered by the school that are similar and/or different from offerings in the local LEA. 			
Points Possible:	5	Points Earned:	1
Strengths			Page
The curriculum is to include the Core Knowledge Language Arts, Shurley Grammar and Math in Focus. Real world learning is emphasized.			11
Weaknesses/Areas of Concern			Page
No description is provided regarding how this differs from that of the local LEA.			11

B.5 Describe the school’s discipline and school climate philosophy and how it supports the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • A clear vision for school culture or climate that will promote a positive and supportive academic environment and is inclusive for a diverse student body. • Coherent plan for creating and/or sustaining the intended culture for students, teachers, administrators, and parents. • Discipline plan that has clear policies and procedures and has thoughtful consideration of the needs and rights of educationally disadvantaged students, especially students with disabilities. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The school uses Restorative Practices for discipline. The staff and parents are trained in this model. The climate is a supportive learning environment. The climate is that appropriate developmental behavior is expected from all.			15
Weaknesses/Areas of Concern			Page
Clear policies are not stated. The rights of the disabled are not discussed. No plan for sustaining the culture is presented.			15

B.6 Describe how the school’s calendar supports the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Calendar and schedule support implementation of the academic plan, including supporting the development of educationally disadvantaged students and aligning with the mission, vision, and goals of the school. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The school is in session 181 days. It is closed for Summer; enrichment can be offered at that time.			15
Weaknesses/Areas of Concern			Page
It is not clear how the calendar supports ED students.			15

Section III – Application Narrative (cont.)

C. Operations Plan			
C.1 Detail any partnerships the charter school maintains or plans to develop to support educationally disadvantaged students, including a description of the roles and responsibilities of the applicant, partner organizations, and CMO/EMO, including the administrative and contractual roles and responsibilities of such partners.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear delineation of roles and responsibilities between the school and CMO/EMO. • Articulation of budgetary and decision-making autonomy of the board or directors. • Evidence of contractual agreements provided in appendix A. 			
Points Possible:	2	Points Earned:	2
Strengths			Page
Partnerships are identified with Advanced Therapy, the Speech Language Center and Confident Solutions. Partnerships are also identified with Boosterthon, Restorative Practice and Scholastic Face. Autonomy over the budget is addressed with a separate budget for grant funds.			15
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

C.2 Describe how the school's staffing structure, capacity, and diversity will be sufficient to meet the needs of all students, particularly educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Staffing levels for each year are robust and aligned with the educational program and conducive to the school's success. • There is clear capacity to support the specialized needs of students, particularly students with disabilities and English learners. • Comprehensive plan to support student's non-academic needs, including through counselors, behavior specialists, psychologists, etc. • Clear plan to recruit, retain, and support a diverse teaching staff. 			
Points Possible:	3	Points Earned:	2

Strengths	Page
The school will employ 25 staff with 4 African American and 1 Hispanic teacher. The school has a 14:1 ratio. The school will employ 1 Exceptionable Child teacher, 3 teacher assistants and 1 ELL teacher.	15
Weaknesses/Areas of Concern	Page
Staffing levels are not identified for each year. No plan is given to retain a diverse teaching staff.	15

C.3 Describe the school’s marketing and recruiting plan, with an emphasis on strategies to provide outreach to the families of educationally disadvantaged students, including efforts to overcome any potential language barriers.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Compelling student outreach plan that includes community, family, and student involvement, and that is realistic and likely to foster student retention and community support. • Emphasis on strategies that will provide equal access to educationally disadvantaged students. 			
Points Possible:	5	Points Earned:	4
Strengths			Page
The outreach plan is well stated. ED students will be reached through Open House Events, Spring Fling, yard signs, as well as social media posts.			16
Weaknesses/Areas of Concern			Page
It is not clear that the strategies will give access to ED students			16

C.4 Describe how the school currently does or will provide a transportation plan that accommodates and supports educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear description of transportation plan that includes anticipated routes, extracurricular activities, before- and after-school care, etc. • Description of how the school will arrange transportation for special needs students where necessary. • Clear articulation of how the proposed plan will eliminate transportation barriers for educationally disadvantaged students. 			

Points Possible:	5	Points Earned:	2
Strengths			Page
The school will purchase 2 buses to provide transportation.			16
Weaknesses/Areas of Concern			Page
Transportation for Special Needs students is not fully addressed. It is not clear how barriers are eliminated for ED students. Routes are not described. After and before school busing is not addressed.			16

C.5 Describe how the school currently does or will provide a school lunch plan that accommodates and supports educationally disadvantaged students. Provide information about participation in the National School Lunch Program or a comparable, comprehensive lunch program.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • A clear description of how the school will offer food service to all students, adhering to all nutritional guidelines. • Specific strategies to ensure educationally disadvantaged students receive daily meals and are not identifiable as qualifying for free or reduced-price lunch. • A plan to collect free and reduced-price lunch information, including procedures to receive reimbursement. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The lunch program uses an identified list of food providers. It is noted that 50 students are enrolled and 1/3 receive the free lunch program. The MY Lunch Box is used. This is transferring to An Apple A Day program.			17,18
Weaknesses/Areas of Concern			Page
Nutritional guidelines are not discussed. A plan to collect free lunch information is not provided.			17,18

C.6 Describe how the school's professional development plan supports and is tailored to the development of educationally disadvantaged students.			
Characteristics of a strong response:			

<ul style="list-style-type: none"> Professional development standards, opportunities, leadership, and calendar/scheduling effectively support the education program and are likely to maximize success in improving student achievement, particularly for educationally disadvantaged students. Thoughtful plan for professional development in the areas of special education, English learners, and serving low-income students, including implementation of IEP's or personalized learning plans, discipline, and communication with families. 			
Points Possible:	5	Points Earned:	4
Strengths			Page
PD is provided with the title of each program; identification of the PD for that program and the outcomes that are expected are provided. Nine topics are to be addressed in PD. PD will be provided in technology, Restorative Practices and Scholastic FACE. The funds to be paid for each are noted. For example, the technology PD is listed at a cost of \$308,170.00			19
Weaknesses/Areas of Concern			Page
The proposal does not explain how PD addresses ELL students, Special education students, implementation of IEPs, or communication with families.			19

C.7 Describe the school's plan to engage families and implement a parent/community advisory council.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Clear plan for informing and educating parents on school policies, procedures, and programming. A sound and compelling plan for engaging parents and community partners in the design and life of the school through the advisory council, including recruitment strategies, duties, and authority. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The plan provides for a Parent Advisory Council. The school now has a Parent Action Team.			19
Weaknesses/Areas of Concern			Page
There is no plan to inform parents. Recruitment strategies, duties and authority for parents is not addressed.			19

Application Narrative Total (70 points possible):	46
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Section III – Application Narrative (cont.)

D. Student Transition Planning	
Outline the proposed Student Transition Committee and Student Transition Plan.	
Characteristics of a strong response: <ul style="list-style-type: none"> • Clear and specific plan to recruit, develop, and retain a Student Transition Committee. • Comprehensive Student Transition Plan that outlines timelines, communication strategies, clear transition and closure plans, and strategies for informing families of their options. 	
Status:	Complete <input type="checkbox"/> Incomplete <input type="checkbox"/>
Strengths	
Not applicable.	Page N/A
Weaknesses/Areas of Concern	
Not applicable.	Page N/A

Section IV – Budget, Budget Narrative, and Logic Model

A. Budget			
Complete a proposed budget outlining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Outlines complete, realistic, and viable costs for the duration of the grant period. • All operational costs and major expenditures are accounted for and are realistic. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	15	Points Earned:	14
Strengths			Page
The budget is realistic with viable costs listed. Costs include supplies at \$41,700.00, tech equipment at a cost of \$158,265.00 and professional fees at a cost of \$70,996.00. The purchase of 12 smart books at a cost of \$4520.00 and a laminator at a cost of \$42700.00 are examples of costs listed. There is a clear alignment between the budget and the budget narrative.			21-25
Weaknesses/Areas of Concern			Page
No number of teachers served is listed for each PD training listed in the budget.			21-25

B. Budget Narrative			
Complete a budget narrative explaining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clearly explains reasonable, well-supported cost assumptions anticipated for the duration of the grant. • Demonstrates financial viability beyond the expiration of the grant period. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	10	Points Earned:	10
Strengths			Page

There is alignment between the budget narrative and proposed plan. One assumption is that staff buy into the plan through PD and the outdoor living component. The one external factor listed is that the school change the demographics of the community. Financial viability after the grant is addressed. Donations will be sought along with other grant funds, 30 hours of IT assistance will be secured and a counselor will be hired. The school plans to use operating funds for insurance, fuel and maintenance.	20-25
Weaknesses/Areas of Concern	Page
No weaknesses noted.	N/A

C. Logic Model	
Complete a Logic Model demonstrating how actions and expenditures are expected to lead to specific outcomes.	
Characteristics of a strong response:	
<ul style="list-style-type: none"> Clearly articulates how actions and expenditures are expected to lead to specific outcomes. Aligns clearly and directly to the application narrative. 	
Points Possible:	5
Points Earned:	4
Strengths	
Logic model links activities to objectives, inputs outputs and the outcomes. Expenditures are linked to outcomes. The model follows the application narrative.	20
Weaknesses/Areas of Concern	
Outcomes are not stated in measurable terms. It is stated that there will be an increase or an improvement with no percentage of change identified. This makes it difficult to assess gains achieved.	20

Budget, Budget Narrative, and Logic Model Total (30 points possible):	28
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Section V – Competitive Preference Standards

Opening, expanding, or replicating a school in a rural or underserved urban area (i.e. without a high-quality school within fifteen (15) miles).			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Increasing the racial and ethnic diversity in their new, expanded, or replicated school.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

The inclusion of high school (9-12) grade levels.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Develop or manage a charter school focused on dropout recovery and academic reentry.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Competitive Preference Standards Total (12 points possible):			0
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Section VI – Priority Consideration Status

Currently serve a forty percent (40%) or higher economically disadvantaged population.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
Economically disadvantaged, English learners, and students with disabilities have proficiency rates higher than the state average for their subgroup.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
As evidence of participation in applicable federal programs, have Title I status.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
Maintained an “A” or “A+NG” SPG, as determined by the NCDPI, and met or exceeded growth, as determined by EVAAS, for three consecutive years prior to the application.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A

Priority Consideration Status Total (4 standards possible):	0
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Section VIII – Certification

Characteristics of a strong response:	
<ul style="list-style-type: none"> Application is signed and certified. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Application is not signed and certified.	

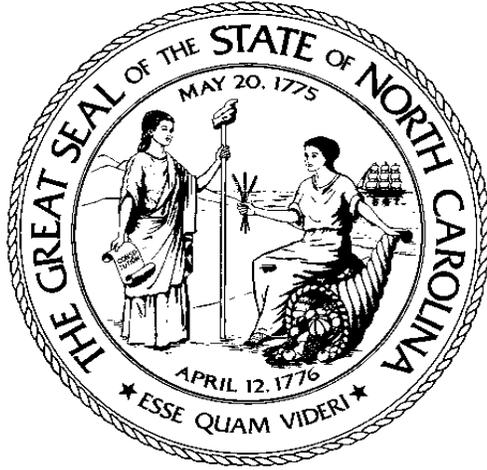
Summary Ratings

General Standards	Status
Section I – Application Contact Information	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section II – Assurances	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section VIII – Certification	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Total (all sections must be complete to pass)	<input checked="" type="checkbox"/> Pass <input type="checkbox"/> Fail

Technical Standards	Points Possible	Points Earned
Section III – Application Narrative	70	46
Section III (D) – Student Transition Plan	<input type="checkbox"/> Complete <input checked="" type="checkbox"/> Incomplete	
Section IV – Budget, Budget Narrative, and Logic Model	30	28
Section V – Competitive Preference Standards	Up to 12	0
Total (must receive at least 80 points to pass)	100	74

Priority Standards	Standards Possible	Standards Met
Section VI – Priority Consideration Status	4	2

Overall Application Status	Rating
In order to pass, the application must (a) achieve a rating of “Pass” for the General Standards and (b) score at least eighty (80) points on the Technical Standards. The Priority Standards will be used to determine priority if there are more eligible applications than available awards.	<input type="checkbox"/> Pass with Priority
	<input type="checkbox"/> Pass
	<input checked="" type="checkbox"/> Fail



**North Carolina Advancing Charter Collaboration
and Excellence for Student Success (NC ACCESS) Program
Subgrant Application Rubric**

Applicant: **Lakeside Charter Academy**

Reviewer Name: **Constance Cuttino**

Overview of the NC ACCESS Subgrant Program

In 2018, the North Carolina Department of Public Instruction (NCDPI) was awarded a Public Charter Schools Program (CSP) grant from the U.S. Department of Education (USDOE) of approximately \$26,600,000. The CSP grant will be used to implement the North Carolina Advancing Charter Collaboration and Excellence for Student Success (NC ACCESS) Program to:

1. Increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students;
2. Develop a cohort of 100 charter school leaders who can develop and demonstrate best practices in serving educationally disadvantaged students; and
3. Broadly disseminate best practices in serving educationally disadvantaged students and foster collaboration in the charter school community and between charter schools and traditional public schools.

The NC ACCESS Program and CSP define educationally disadvantaged students as students who are economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students.

The NC ACCESS program has allocated the majority of the CSP funds to advance Priority 1 listed above through school-level subgrants, though subgrant recipients must also demonstrate a desire to share best practices with both charter schools and traditional public schools. For each of the five (5) years of the federal CSP award, the NC ACCESS Program will run a competitive subgrant competition and award subgrants to North Carolina charter schools that propose a comprehensive plan to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students.

Ratings and Criteria

The NC ACCESS Subgrant Program is a competitive application process designed to award funding for schools that propose to serve an increased number of educationally disadvantaged students. Each subgrant application will be reviewed by a team of NC ACCESS Program team members and external evaluators. All evaluations will be considered, and a recommendation will be made to the Charter School Advisory Board (CSAB). The CSAB will take all recommendations, application reviews, and due diligence into account and make a recommendation for the approval of subgrants to the State Board of Education (State Board). The State Board will determine the final approval of all subgrant awards.

A subgrant application that merits a recommendation for approval should present a clear, realistic picture of how the school expects to successfully implement the proposed plans to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students. In addition to meeting the criteria that are specific to each section, each part of the proposal should align with the overall mission, budget, and goals of the application and NC ACCESS Program.

Recommendations for approval or denial will be based on the completed application which includes school information, signed assurances, enrollment projections, application narrative, budget, budget narrative, logic model, and appendices. The enrollment projections, application narrative, budget, budget

narrative, and logic model are scored out of a possible one hundred (100) points. Applicants must score at least eighty (80) points to meet the standard.

Applications that do not meet standard in all sections as evidenced by the summary review ratings will be deemed not ready for approval.

Instructions for Reviewers

Reviewers should complete each rubric section based on the evidence provided in the application. There are seven (7) total rating sections to complete:

- I. Applicant Contact Information
- II. Signed Assurances
- III. Application Narrative (70 points possible)
 - a. Enrollment Projections (10 points)
 - b. Education Plan (30 points)
 - c. Operations Plan (30 points)
 - d. If applicable, a school closure plan (check for completeness)
- IV. Budget, Budget Narrative, and Logic Model (30 points possible)
 - a. Budget (15 points)
 - b. Budget Narrative (10 points)
 - c. Logic Model (5 points)
- V. Competitive Preference Standards (optional; up to 12 points possible)
- VI. Priority Consideration Status (optional; up to 4 standards possible)
- VII. Certification
- VIII. Appendices (there is no scoring associated with section VII; information will supplement sections III, IV, V, and VI)

Please note that there may be appendices to support information provided in the above sections. When evaluating an application, reviewers should both rate each section and provide comments, if applicable. Reviewers should look for responses that reflect a thorough understanding of key issues and barriers for educationally disadvantaged students. Responses should clearly align with the mission, goals, and budget of the proposed plan. Each response should include specific and accurate information that shows thorough preparation and understanding of school operations and serving educationally disadvantaged students. Reviewers should use objective language and complete sentences in their comments on the strengths and weaknesses/areas of concern of each section of the application. The comments and evidence provided are as significant as the rating. Below are examples of specific and detailed comments:

Strengths of the application:

- “The plan aligns with the overall mission and goals because...”
- “The education and discipline plans are research based and proven effective with the targeted population of students because...”
- “The lunch program is comparable to the National School Lunch Program and will support an educationally disadvantaged population by...”
- “The marketing plan clearly outlines how the school will recruit and enroll a higher educationally disadvantaged population by...”
- “The budget uses sound assumptions and is consistent with the goals of the proposed plan.”

Weaknesses/areas of concern of the application:

- “The curriculum and school calendar do not align with the mission and goals because . . .”
- “The discipline plan does not include provisions for students with disabilities.”
- “The budget assumptions include the unallowable use of funds for construction.”
- “The plan proposes two buses, but there is no accompanying line item in the budget that allocates funds for purchasing buses.”

Once all seven (7) rating sections are scored individually, the evaluator should complete the summary ratings page with all final ratings and scores. In order to pass the review, applicants must (a) meet all criteria in sections (I), (II), and (VII); and (b) score at least eighty (80) combined points between sections (III), (IV), and (V). Section (VI) will be used to determine priority if there are more eligible applications than subgrant awards. The CSAB will make a final recommendation to the State Board on subgrant awards. The State Board will determine the final approval of all subgrant awards.

**Please remember that all documents, including your individual review, will be available to the public.*

Application Scoring Rubric

Section I – Application Contact Information

Characteristics of a strong response:	
<ul style="list-style-type: none"> All applicant contact information is complete and accurate. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Applicant contact information is complete and accurate.	

Section II – Assurances

Characteristics of a strong response:	
<ul style="list-style-type: none"> Assurances are signed. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Assurances are signed.	

Section III – Application Narrative

A. Enrollment Projections			
A.1 Explain the rationale behind the projected enrollment figures; specifically, how the projected numbers are both ambitious and feasible.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Enrollment projections are complete, ambitious, and realistic. Enrollment projections demonstrate a significant increase of educationally disadvantaged students, including economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students. 			
Points Possible:	5	Points Earned:	4
Strengths			Page
Evidence is provided to show an increase in enrollment of 74% during the 2018-2019 year. Twelve per cent of the student population are EDS students. Based upon the rapid increase, future projections indicate that enrollment will increase to 190 students by the 2024-2025 school year. This is the rationale for the project.			7-8
Weaknesses/Areas of Concern			Page
The applicant is unable to demonstrate a significant enrollment increase in EDS, English Learners or other minority populations as they are currently marketing/targeting EDS and other populations to increase enrollment in the school.			7

A.2 Describe how the school plans to implement a weighted lottery.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Clear description of the process and mechanism for implementing a weighted lottery. Clearly articulated subgroup category weights and/or enrollment percentage goals. Rationale for the applied weights are reasonable and justified. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The applicant states that the lottery process will include submitting a request for an amendment to the charter to allow for a weighted lottery. An application process will be used to target disadvantaged students.			8
Weaknesses/Areas of Concern			Page
The lottery process is only briefly discussed making it difficult to determine all processes which would ensure a weighed lottery will be used. Furthermore, no information is provided describing subgroups weights and/or enrollment percentages, making it difficult to determine the rationale, reasonableness and justification for the plan.			8

Section III – Application Narrative (cont.)

B. Education Plan			
B.1 Provide a General Education Provision Act (GEPA) statement demonstrating how the school has or will eliminate any and all barriers to enrollment for educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Statement clearly articulates the school's desire and plan to eliminate any and all barriers to enrollment for all students, especially educationally disadvantaged students. 			
Points Possible:	2	Points Earned:	2
Strengths			Page
The applicant details an education plan committed to educate all populations as evidenced by the GEPA and narrative. The applicant successfully describes a marketing plan designed to attract EDS, English Learners and other minority populations. All marketing materials clearly state that all students are welcome regardless of academic history, behavioral history, special needs, 504 plans, IEPs, etc.			9
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

B.2 Provide at least three (3) school-specific subgrant program goals. Subgrant goals must be SMART (specific, measurable, achievable, rigorous, and time-bound).			
Characteristics of a strong response:			
<ul style="list-style-type: none"> All goals are specific, measurable, achievable, rigorous, and time-bound. Goals are aligned to the NC ACCESS Program and activities in the subgrant application. 			
Points Possible:	3	Points Earned:	1
Strengths			Page
The applicant identifies goals and outcomes for the project that are aligned with NC ACCESS Program activities. For example, transportation services will increase by 40% for students to and from school. The bus will serve 60 students in year 1, and 2 buses will serve up to 120 students the following 4 years.			9-10
Weaknesses/Areas of Concern			Page
Goals 1, 3 and 4 do not meet the SMART criteria as they are not written in quantifiable terms, therefore, are not measurable.			9-10

B.3 Describe how the school's academic program is or will be specifically tailored to meet the needs of educationally disadvantaged students. Include specific strategies the charter school currently uses or plans to use to serve educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Clear and comprehensive description of the strategies being utilized to serve educationally disadvantaged students, especially intervention, differentiation, and support services. A robust and quality curriculum overview, supported by research, with a plan for implementation. Evidence the proposed academic plan will be appropriate and effective for growing all students while at the same time closing achievement gaps. 			
Points Possible:	10	Points Earned:	10

Strengths	Page
The applicant clearly describes the school's academic program which represents a strong commitment to meet the needs of educationally disadvantaged students. The plan is extensive and highlights current and future services. For example, a translator will be hired to support English Learners and their families; the expansion of technology will also help children learn. The planned bus transportation will support parent/students since currently no transportation exists. By providing free transportation, the applicant will reduce barriers which prevent students from attending the school and actively volunteering in the community. Others supports include providing access to licensed jet packs which will provide access in homes of students to further enhance their learning experience.	10-12
Weaknesses/Areas of Concern	Page
No weakness noted.	N/A

B.4 Explain how the charter school's education plan compares to or differs from that of the local LEA(s).			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear articulation of the services and programs offered by the school that are similar and/or different from offerings in the local LEA. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The contrast between the school and local LEA(s) is clearly delineated. The schools primary curriculum focuses on a rigorous literacy program with Core Knowledge Language Arts for all students. The Core Knowledge Sequence provides a planned progression of specific knowledge in language arts, history, geography, math, science, and fine arts designed so that students build on knowledge from year to year, from pre-kindergarten through eighth grade. Furthermore, math is taught in kindergarten through 8 th grades and the school utilizes the Math in Focus (Singapore Math), a curriculum which puts emphasis on real world problem solving while incorporating visual aids.			12-14
Weaknesses/Areas of Concern			Page
No weakness notes.			N/A

B.5 Describe the school's discipline and school climate philosophy and how it supports the development of educationally disadvantaged students.	
Characteristics of a strong response:	
<ul style="list-style-type: none"> • A clear vision for school culture or climate that will promote a positive and supportive academic environment and is inclusive for a diverse student body. • Coherent plan for creating and/or sustaining the intended culture for students, teachers, administrators, and parents. 	

<ul style="list-style-type: none"> Discipline plan that has clear policies and procedures and has thoughtful consideration of the needs and rights of educationally disadvantaged students, especially students with disabilities. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
A clear and concise description of the school climate is described by the applicant offering insight into the positive and supportive environment the study body experiences. The focus on addressing academic and behavioral needs of students, faculty and staff, “model” the desired behaviors within the academic setting so that students learn by seeing/doing. School leadership, parents and other stakeholders aware of high expectations will help to establish and maintain a positive school environment and continuously cultivate respectful behavior among all students.			12-14
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

B.6 Describe how the school’s calendar supports the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Calendar and schedule support implementation of the academic plan, including supporting the development of educationally disadvantaged students and aligning with the mission, vision, and goals of the school. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The schools calendar and LEA schedules are aligned so they support parent(s) work and childcare schedules. The school operates 180 days per year and offer summer school enrichment programs to Educationally Disadvantaged Students.			15
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

Section III – Application Narrative (cont.)

C. Operations Plan			
C.1 Detail any partnerships the charter school maintains or plans to develop to support educationally disadvantaged students, including a description of the roles and responsibilities of the applicant, partner organizations, and CMO/EMO, including the administrative and contractual roles and responsibilities of such partners.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear delineation of roles and responsibilities between the school and CMO/EMO. • Articulation of budgetary and decision-making autonomy of the board or directors. • Evidence of contractual agreements provided in appendix A. 			
Points Possible:	2	Points Earned:	1
Strengths			Page
The applicant provides a brief description of partners including Advanced Therapy provide physical therapy (PT) and occupational therapy (OT) for students. Speech Language Corner and Confident Solutions provides speech therapy for the school. A number of community partners will serve as guest speakers, and the school will contract with a translator 2020-2021.			15
Weaknesses/Areas of Concern			Page
The applicant does not fully address the criteria. The applicant does not describe the budgetary and decision-making autonomy of the board or directors and no partner agreements are attached.			15

C.2 Describe how the school's staffing structure, capacity, and diversity will be sufficient to meet the needs of all students, particularly educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Staffing levels for each year are robust and aligned with the educational program and conducive to the school's success. • There is clear capacity to support the specialized needs of students, particularly students with disabilities and English learners. • Comprehensive plan to support student's non-academic needs, including through counselors, behavior specialists, psychologists, etc. • Clear plan to recruit, retain, and support a diverse teaching staff. 			
Points Possible:	3	Points Earned:	1
Strengths			Page
The applicant describes the demographic make-up of the current 25 members of the staff, including 4 African-Americans and 1 Hispanic. The applicant will hire a translator in 2020-2021 to support English Learner students.			15
Weaknesses/Areas of Concern			Page
A comprehensive plan to support non-academic needs (i.e. counselors, behavior specialists, psychologists, etc.) is not described. Furthermore, no information is provided describing plans to recruit, retain and support a diverse training staff.			15

C.3 Describe the school’s marketing and recruiting plan, with an emphasis on strategies to provide outreach to the families of educationally disadvantaged students, including efforts to overcome any potential language barriers.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Compelling student outreach plan that includes community, family, and student involvement, and that is realistic and likely to foster student retention and community support. • Emphasis on strategies that will provide equal access to educationally disadvantaged students. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The marketing strategies are clearly outlined and detail a plan to ensure educationally disadvantaged children will be targeted for the project. For example, formation sessions will be hosted every 2 weeks, Open Houses, “Spring Fling”, yard signs representing the school, attendance at local community events (2nd Friday Food Festivals, National Night Out, Earth Jam, ASC Art Festival, and Tawba Walk), flyers to local businesses and restaurants, and social media posts on Facebook and Instagram.			16
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

C.4 Describe how the school currently does or will provide a transportation plan that accommodates and supports educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear description of transportation plan that includes anticipated routes, extracurricular activities, before- and after-school care, etc. • Description of how the school will arrange transportation for special needs students where necessary. • Clear articulation of how the proposed plan will eliminate transportation barriers for educationally disadvantaged students. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The applicant is requesting funds to purchase two buses to support the project since currently no transportation is available. Plans to use a program that will map out student’s addresses will assist with ensuring the best stops based on population density and convenience.			16-17
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

C.5 Describe how the school currently does or will provide a school lunch plan that accommodates and supports educationally disadvantaged students. Provide information about participation in the National School Lunch Program or a comparable, comprehensive lunch program.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • A clear description of how the school will offer food service to all students, adhering to all nutritional guidelines. • Specific strategies to ensure educationally disadvantaged students receive daily meals and are not identifiable as qualifying for free or reduced-price lunch. 			

<ul style="list-style-type: none"> A plan to collect free and reduced-price lunch information, including procedures to receive reimbursement. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The plan to ensure youth have access to nutritional snacks is described. Lunch will be provided through a free or reduced lunch program via the “Apple a Day” catering company. Through the program, all students who cannot not buy lunch will eat free. Families will be provided forms to fill out to ensure that the families meet the criteria for either free or reduced lunch.			17
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

C.6 Describe how the school’s professional development plan supports and is tailored to the development of educationally disadvantaged students.			
Characteristics of a strong response: <ul style="list-style-type: none"> Professional development standards, opportunities, leadership, and calendar/scheduling effectively support the education program and are likely to maximize success in improving student achievement, particularly for educationally disadvantaged students. Thoughtful plan for professional development in the areas of special education, English learners, and serving low-income students, including implementation of IEP’s or personalized learning plans, discipline, and communication with families. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The professional development plan is extensive, detailed and designed to review the subject matter training to be provided. It supports efforts to ensure understanding student’s learning style, literacy, family engagement, and technology. For example, the Family Engagement Assessment will help families effectively work with school.			18-19
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

C.7 Describe the school’s plan to engage families and implement a parent/community advisory council.			
Characteristics of a strong response: <ul style="list-style-type: none"> Clear plan for informing and educating parents on school policies, procedures, and programming. A sound and compelling plan for engaging parents and community partners in the design and life of the school through the advisory council, including recruitment strategies, duties, and authority. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The applicant briefly discusses the Parent Action Team (PAT). The parent/community advisory council is comprised of 30 families who will help to recruit Educationally Disadvantaged Students. They will also support the school through community events. More in-depth information is provided regarding the staff training that will be received to engage and support families. For example, the			19-21

Lit Camp Plus will help children improve their skills via a 100 book library. These titles can be provided to the children for independent reading time, and to help build their libraries at home.	
Weaknesses/Areas of Concern	Page
No weakness noted.	N/A

Application Narrative Total (70 points possible):	62
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Section III – Application Narrative (cont.)

D. Student Transition Planning	
Outline the proposed Student Transition Committee and Student Transition Plan.	
Characteristics of a strong response: <ul style="list-style-type: none"> • Clear and specific plan to recruit, develop, and retain a Student Transition Committee. • Comprehensive Student Transition Plan that outlines timelines, communication strategies, clear transition and closure plans, and strategies for informing families of their options. 	
Status:	Complete <input type="checkbox"/> Incomplete <input type="checkbox"/>
Strengths	Page
Not applicable.	N/A
Weaknesses/Areas of Concern	Page
Not applicable.	N/A

Section IV – Budget, Budget Narrative, and Logic Model

A. Budget			
Complete a proposed budget outlining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response: <ul style="list-style-type: none"> • Outlines complete, realistic, and viable costs for the duration of the grant period. • All operational costs and major expenditures are accounted for and are realistic. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	15	Points Earned:	15
Strengths			Page
The budget provided is inclusive of all funds needed to successfully implement the project services to be provided. Thus, making the budget realistic. The line items and cost calculations are presented for salary and fringe to support staff and needed supplies to support the program.			23-30
Weaknesses/Areas of Concern			Page
No weakness noted.			N/A

B. Budget Narrative			
Complete a budget narrative explaining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response: <ul style="list-style-type: none"> • Clearly explains reasonable, well-supported cost assumptions anticipated for the duration of the grant. • Demonstrates financial viability beyond the expiration of the grant period. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	10	Points Earned:	8
Strengths			Page
The budget narrative fully describes how costs are calculated and is aligned with the budget presented. The expenditures include unit price that are reasonable and needed to support the project activities. For example, the applicant proposes to purchase 12 smartboards for the project totaling \$54,240 @ a unit price of \$4520 per computer.			23-30
Weaknesses/Areas of Concern			Page
The applicant provides a financial audit report for Thunderbird Preparatory Academy, Inc., which is not the name of the applicant organization making it difficult to determine if the applicant is capable to support the project after the grant period.			Appendix Financial Audit Statement

C. Logic Model			
Complete a Logic Model demonstrating how actions and expenditures are expected to lead to specific outcomes.			

Characteristics of a strong response:	
<ul style="list-style-type: none"> Clearly articulates how actions and expenditures are expected to lead to specific outcomes. Aligns clearly and directly to the application narrative. 	
Points Possible:	5
Points Earned:	5
Strengths	
The applicant demonstrates a rationale for the proposed project, as evidenced by the Logic Model presented. The inputs align with the outputs, outcomes and impact. The consistent review and analysis of data will allow for the project to address challenges as they arise throughout the project year.	22
Weaknesses/Areas of Concern	
No weakness noted.	N/A

Budget, Budget Narrative, and Logic Model Total (30 points possible):	28
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Section V – Competitive Preference Standards

Opening, expanding, or replicating a school in a rural or underserved urban area (i.e. without a high-quality school within fifteen (15) miles).			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Increasing the racial and ethnic diversity in their new, expanded, or replicated school.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

The inclusion of high school (9-12) grade levels.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Develop or manage a charter school focused on dropout recovery and academic reentry.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not applicable.			N/A

Competitive Preference Standards Total (12 points possible):			0
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Section VI – Priority Consideration Status

Currently serve a forty percent (40%) or higher economically disadvantaged population.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
Economically disadvantaged, English learners, and students with disabilities have proficiency rates higher than the state average for their subgroup.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
As evidence of participation in applicable federal programs, have Title I status.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A
Maintained an “A” or “A+NG” SPG, as determined by the NCDPI, and met or exceeded growth, as determined by EVAAS, for three consecutive years prior to the application.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not applicable.	N/A

Priority Consideration Status Total (4 standards possible):

Section VIII – Certification

Characteristics of a strong response:	
<ul style="list-style-type: none"> Application is signed and certified. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Application is not signed and certified.	

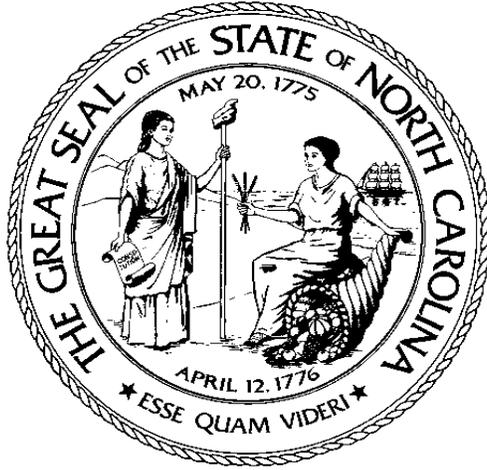
Summary Ratings

General Standards	Status
Section I – Application Contact Information	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section II – Assurances	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section VIII – Certification	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Total (all sections must be <i>complete</i> to pass)	<input checked="" type="checkbox"/> Pass <input type="checkbox"/> Fail

Technical Standards	Points Possible	Points Earned
Section III – Application Narrative	70	62
Section III (D) – Student Transition Plan	<input type="checkbox"/> Complete <input checked="" type="checkbox"/> Incomplete	
Section IV – Budget, Budget Narrative, and Logic Model	30	28
Section V – Competitive Preference Standards	Up to 12	0
Total (must receive at least <i>80 points</i> to pass)	100	90

Priority Standards	Standards Possible	Standards Met
Section VI – Priority Consideration Status	4	0

Overall Application Status	Rating
In order to pass, the application must (a) achieve a rating of “Pass” for the General Standards and (b) score at least eighty (80) points on the Technical Standards. The Priority Standards will be used to determine priority if there are more eligible applications than available awards.	<input type="checkbox"/> Pass with Priority
	<input checked="" type="checkbox"/> Pass
	<input type="checkbox"/> Fail



**North Carolina Advancing Charter Collaboration
and Excellence for Student Success (NC ACCESS) Program
Subgrant Application Rubric**

Applicant: **Lakeside**

Reviewer Name: **Barbara O'Neal**

Overview of the NC ACCESS Subgrant Program

In 2018, the North Carolina Department of Public Instruction (NCDPI) was awarded a Public Charter Schools Program (CSP) grant from the U.S. Department of Education (USDOE) of approximately \$26,600,000. The CSP grant will be used to implement the North Carolina Advancing Charter Collaboration and Excellence for Student Success (NC ACCESS) Program to:

1. Increase the number of educationally disadvantaged students attending high-quality charter schools and expand the number of high-quality charter schools available to educationally disadvantaged students;
2. Develop a cohort of 100 charter school leaders who can develop and demonstrate best practices in serving educationally disadvantaged students; and
3. Broadly disseminate best practices in serving educationally disadvantaged students and foster collaboration in the charter school community and between charter schools and traditional public schools.

The NC ACCESS Program and CSP define educationally disadvantaged students as students who are economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students.

The NC ACCESS program has allocated the majority of the CSP funds to advance Priority 1 listed above through school-level subgrants, though subgrant recipients must also demonstrate a desire to share best practices with both charter schools and traditional public schools. For each of the five (5) years of the federal CSP award, the NC ACCESS Program will run a competitive subgrant competition and award subgrants to North Carolina charter schools that propose a comprehensive plan to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students.

Ratings and Criteria

The NC ACCESS Subgrant Program is a competitive application process designed to award funding for schools that propose to serve an increased number of educationally disadvantaged students. Each subgrant application will be reviewed by a team of NC ACCESS Program team members and external evaluators. All evaluations will be considered, and a recommendation will be made to the Charter School Advisory Board (CSAB). The CSAB will take all recommendations, application reviews, and due diligence into account and make a recommendation for the approval of subgrants to the State Board of Education (State Board). The State Board will determine the final approval of all subgrant awards.

A subgrant application that merits a recommendation for approval should present a clear, realistic picture of how the school expects to successfully implement the proposed plans to increase the number of educationally disadvantaged students attending high quality charter schools and expand the number of high quality charter schools available to educationally disadvantaged students. In addition to meeting the criteria that are specific to each section, each part of the proposal should align with the overall mission, budget, and goals of the application and NC ACCESS Program.

Recommendations for approval or denial will be based on the completed application which includes school information, signed assurances, enrollment projections, application narrative, budget, budget narrative, logic model, and appendices. The enrollment projections, application narrative, budget, budget

narrative, and logic model are scored out of a possible one hundred (100) points. Applicants must score at least eighty (80) points to meet the standard.

Applications that do not meet standard in all sections as evidenced by the summary review ratings will be deemed not ready for approval.

Instructions for Reviewers

Reviewers should complete each rubric section based on the evidence provided in the application. There are seven (7) total rating sections to complete:

- I. Applicant Contact Information
- II. Signed Assurances
- III. Application Narrative (70 points possible)
 - a. Enrollment Projections (10 points)
 - b. Education Plan (30 points)
 - c. Operations Plan (30 points)
 - d. If applicable, a school closure plan (check for completeness)
- IV. Budget, Budget Narrative, and Logic Model (30 points possible)
 - a. Budget (15 points)
 - b. Budget Narrative (10 points)
 - c. Logic Model (5 points)
- V. Competitive Preference Standards (optional; up to 12 points possible)
- VI. Priority Consideration Status (optional; up to 4 standards possible)
- VII. Certification
- VIII. Appendices (there is no scoring associated with section VII; information will supplement sections III, IV, V, and VI)

Please note that there may be appendices to support information provided in the above sections. When evaluating an application, reviewers should both rate each section and provide comments, if applicable. Reviewers should look for responses that reflect a thorough understanding of key issues and barriers for educationally disadvantaged students. Responses should clearly align with the mission, goals, and budget of the proposed plan. Each response should include specific and accurate information that shows thorough preparation and understanding of school operations and serving educationally disadvantaged students. Reviewers should use objective language and complete sentences in their comments on the strengths and weaknesses/areas of concern of each section of the application. The comments and evidence provided are as significant as the rating. Below are examples of specific and detailed comments:

Strengths of the application:

- “The plan aligns with the overall mission and goals because...”
- “The education and discipline plans are research based and proven effective with the targeted population of students because...”
- “The lunch program is comparable to the National School Lunch Program and will support an educationally disadvantaged population by...”
- “The marketing plan clearly outlines how the school will recruit and enroll a higher educationally disadvantaged population by...”
- “The budget uses sound assumptions and is consistent with the goals of the proposed plan.”

Weaknesses/areas of concern of the application:

- “The curriculum and school calendar do not align with the mission and goals because . . .”
- “The discipline plan does not include provisions for students with disabilities.”
- “The budget assumptions include the unallowable use of funds for construction.”
- “The plan proposes two buses, but there is no accompanying line item in the budget that allocates funds for purchasing buses.”

Once all seven (7) rating sections are scored individually, the evaluator should complete the summary ratings page with all final ratings and scores. In order to pass the review, applicants must (a) meet all criteria in sections (I), (II), and (VII); and (b) score at least eighty (80) combined points between sections (III), (IV), and (V). Section (VI) will be used to determine priority if there are more eligible applications than subgrant awards. The CSAB will make a final recommendation to the State Board on subgrant awards. The State Board will determine the final approval of all subgrant awards.

**Please remember that all documents, including your individual review, will be available to the public.*

Application Scoring Rubric

Section I – Application Contact Information

Characteristics of a strong response:	
<ul style="list-style-type: none"> All applicant contact information is complete and accurate. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
All applicant contact information is complete and accurate.	

Section II – Assurances

Characteristics of a strong response:	
<ul style="list-style-type: none"> Assurances are signed. 	
Status:	Complete <input checked="" type="checkbox"/> Incomplete <input type="checkbox"/>
Comments (if applicable)	
Assurances are signed.	

Section III – Application Narrative

A. Enrollment Projections			
A.1 Explain the rationale behind the projected enrollment figures; specifically, how the projected numbers are both ambitious and feasible.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Enrollment projections are complete, ambitious, and realistic. Enrollment projections demonstrate a significant increase of educationally disadvantaged students, including economically disadvantaged, homeless or unaccompanied youth, English learners, students with disabilities, immigrant students, and migrant students. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The applicant indicated the enrollment at Lakeside Charter Academy (LCA) had a 74% increase in enrollment between the 2018 - 2019 school year and the 2019 - 2020 school year. The applicant's enrollment of Eds students was 12% during this time. Currently the applicant has 75 EDS students out of 210. The enrollment projections indicate that the school will grow by 190 students over 5 years from 38 to 48 percent.			2
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

A.2 Describe how the school plans to implement a weighted lottery.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Clear description of the process and mechanism for implementing a weighted lottery. Clearly articulated subgroup category weights and/or enrollment percentage goals. Rationale for the applied weights are reasonable and justified. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
Lakeside Charter Academy will begin implementation of a weighted lottery beginning in the 2021 – 2022 school year. Lakeside Charter Academy will submit a request for an amendment to the charter to allow for a weighted lottery.			4
The weighted lottery will provide priority to students that are educationally disadvantaged. The application will provide an area in which families can check boxes to identify as one of the six categories of educationally disadvantaged students. First, staff members and board members children will be accepted.			
Next, EDS will be given priority admission into LCA. Once the students have accepted their seat, Lakeside Charter Academy will ensure that the students do in fact fall into one of the subgroups that are being targeting. LCA will require documentation of IEPs, 504s, Home Language Surveys, and verification of household income.			
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

Section III – Application Narrative (cont.)

B. Education Plan			
B.1 Provide a General Education Provision Act (GEPA) statement demonstrating how the school has or will eliminate any and all barriers to enrollment for educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Statement clearly articulates the school's desire and plan to eliminate any and all barriers to enrollment for all students, especially educationally disadvantaged students. 			
Points Possible:	2	Points Earned:	2
Strengths			Page
The applicant provided a clear GEPA statement that indicated they will eliminate barriers for enrollment in an equitable manner.			4
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B.2 Provide at least three (3) school-specific subgrant program goals. Subgrant goals must be SMART (specific, measurable, achievable, rigorous, and time-bound).			
Characteristics of a strong response:			
<ul style="list-style-type: none"> All goals are specific, measurable, achievable, rigorous, and time-bound. Goals are aligned to the NC ACCESS Program and activities in the subgrant application. 			
Points Possible:	3	Points Earned:	3
Strengths			Page
The applicant provided four SMART goals that are relevant and aligned with the goals of the NC ACCESS grant program. The goals are specific and measurable. For example, Goal 4 is: By 2021 – 2022, LCA will have a bus transportation system that will provide free transportation to and from school for up to 40 percent of the school. The bus will serve 60 students in year 1, and the 2 buses will serve up to 120 students the following 4 years.			9
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B.3 Describe how the school's academic program is or will be specifically tailored to meet the needs of educationally disadvantaged students. Include specific strategies the charter school currently uses or plans to use to serve educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> Clear and comprehensive description of the strategies being utilized to serve educationally disadvantaged students, especially intervention, differentiation, and support services. A robust and quality curriculum overview, supported by research, with a plan for implementation. Evidence the proposed academic plan will be appropriate and effective for growing all students while at the same time closing achievement gaps. 			
Points Possible:	10	Points Earned:	8

Strengths	Page
<p>The applicant indicated that LCA will begin moving towards a 1:1 campus beginning in the 2020 – 2021 school year in grades 3rd – 8th. Lakeside is not only going to implement Chromebooks but are going to provide licenses and jet packs for students that do not have internet at home. Jet packs are essential for the 1:1 initiative so that all students can complete homework and projects at home. A jet pack is a mobile device that connects to the Chromebook in order to connect to the internet when WIFI is not available at the student’s home. These jetpacks will enable EDS population to complete school assignments even if they do not have the internet, therefore, taking down a barrier in which they may have faced.</p> <p>LCA will also partner with both students and families by implementing Scholastic FACE (Family and Community Engagement) in the 2020 – 2021 school year. FACE provides collaboration between the school and the families both inside and outside of the school walls. The program helps both students and parents build and foster their literacy skills and provide all members to be lifelong readers and learners. FACE comes with many resources that will be provided to families to help with literacy in their homes.</p>	10
Weaknesses/Areas of Concern	Page
<p>The applicant did not provide a reasonable discussion of the academic program in terms of implementing research or evidence based programs that will provide intervention as needed.</p>	10-12

B.4 Explain how the charter school’s education plan compares to or differs from that of the local LEA(s).			
Characteristics of a strong response: <ul style="list-style-type: none"> • Clear articulation of the services and programs offered by the school that are similar and/or different from offerings in the local LEA. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
<p>The applicant indicated that LCA’s education plan differs to that of the local LEA because Charlotte Mecklenburg Schools (CMS) just switched to EL Education for English language arts, and Open Up Resources for math in the 2019 school year for grades Kindergarten through 6th grade. Lakeside provides students with rigorous curriculums including: Core Knowledge Language Arts, Shurley Grammar, and Math in Focus.</p> <p>All students in grades kindergarten through 8th grade are taught mathematics through the Math in Focus curriculum. Math in Focus (Singapore Math) is the curriculum that many schools are using to bridge the academic gap. Math in Focus puts emphasis on real world problem solving while incorporating visual aids.</p>			13
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B.5 Describe the school's discipline and school climate philosophy and how it supports the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • A clear vision for school culture or climate that will promote a positive and supportive academic environment and is inclusive for a diverse student body. • Coherent plan for creating and/or sustaining the intended culture for students, teachers, administrators, and parents. • Discipline plan that has clear policies and procedures and has thoughtful consideration of the needs and rights of educationally disadvantaged students, especially students with disabilities. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The applicant indicated that Lakeside Charter Academy provides instruction and support necessary to meet all students' academic and behavioral needs, and identifies fair and developmentally appropriate behavioral expectations for all members of the school community. This is achieved by reinforcing positive behavior, preventing misbehavior before it occurs, supporting students in overcoming challenges, and fostering positive relationships among all members of the school community.			14
Weaknesses/Areas of Concern			Page
The applicant did not provide a discipline plan that has clear policies and procedures and has thoughtful consideration of the needs and rights of educationally disadvantaged students, especially students with disabilities.			14

B.6 Describe how the school's calendar supports the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Calendar and schedule support implementation of the academic plan, including supporting the development of educationally disadvantaged students and aligning with the mission, vision, and goals of the school. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The applicant indicated that Lakeside Charter Academy is in session for 181 days throughout the calendar year. The academic calendar ensures that students are learning and gaining knowledge throughout the school year. The calendar best serves the EDS population because it aligns with the local LEA and local childcare facilities in being mindful with parents' work schedules. The calendar also provides LCA to offer summer school enrichment programs to best serve Educationally Disadvantaged Students.			15
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

Section III – Application Narrative (cont.)

C. Operations Plan			
C.1 Detail any partnerships the charter school maintains or plans to develop to support educationally disadvantaged students, including a description of the roles and responsibilities of the applicant, partner organizations, and CMO/EMO, including the administrative and contractual roles and responsibilities of such partners.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear delineation of roles and responsibilities between the school and CMO/EMO. • Articulation of budgetary and decision-making autonomy of the board or directors. • Evidence of contractual agreements provided in appendix A. 			
Points Possible:	2	Points Earned:	2
Strengths			Page
<p>The applicant indicated that Lakeside Charter Academy has developed partnerships with many different organizations. Advanced Therapy provides physical therapy (PT) and occupational therapy (OT) for all students. Speech Language Corner and Confident Solutions both provide speech therapy. These current partnerships are on campus daily to serve EDS. Physical therapists, occupational therapists, and speech therapists are on campus daily to assist Educationally Disadvantaged Students.</p> <p>Lakeside Charter Academy will be contracting a translator and counselor for the 2020 – 2021 school year to better serve the Educationally Disadvantaged Students.</p>			15
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

C.2 Describe how the school’s staffing structure, capacity, and diversity will be sufficient to meet the needs of all students, particularly educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Staffing levels for each year are robust and aligned with the educational program and conducive to the school’s success. • There is clear capacity to support the specialized needs of students, particularly students with disabilities and English learners. • Comprehensive plan to support student’s non-academic needs, including through counselors, behavior specialists, psychologists, etc. • Clear plan to recruit, retain, and support a diverse teaching staff. 			
Points Possible:	3	Points Earned:	3
Strengths			Page
<p>The applicant indicated that Lakeside Charter Academy currently has 25 staff members with the majority being Caucasian, 4 African American members, and 1 Hispanic staff member. LCA will continue to diversify the staff in order to mirror the school’s diversity to serve Educationally Disadvantaged Students. Lakeside Charter Academy (LCA) has a 14:1 student to staff ratio which allows the school to meet the needs of all students. LCA has 3 Exceptional Children (EC) teachers, 3</p>			16

Teacher Assistants, 5 Special Area teachers, and 1 English Language Learner teacher in addition to our General Education teachers.	
Weaknesses/Areas of Concern	Page
No weaknesses noted.	N/A

C.3 Describe the school's marketing and recruiting plan, with an emphasis on strategies to provide outreach to the families of educationally disadvantaged students, including efforts to overcome any potential language barriers.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Compelling student outreach plan that includes community, family, and student involvement, and that is realistic and likely to foster student retention and community support. • Emphasis on strategies that will provide equal access to educationally disadvantaged students. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The applicant indicated that the LCA marketing plan includes: Information sessions every 2 weeks, Open Houses, "Spring Fling", yard signs representing the school, attendance at local community events. Current families take the yard signs and put them in their neighborhood or busy intersections near their residence. LCA has already received applications stating that the yard signs made them contact the school. The applicant indicated that they are reaching out to all families in the community and are overcoming potential language barriers by having teachers and parents attend community events that speak Spanish. Promotional materials are also distributed in both English and Spanish.			16
Weaknesses/Areas of Concern			Page
The applicant does not provide an aggressive recruitment plan. The plan as presented does not provide evidence of how they are truly reaching the targeted EDS/EC students. More is needed to reach their projected enrollment of EDS students.			16

C.4 Describe how the school currently does or will provide a transportation plan that accommodates and supports educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear description of transportation plan that includes anticipated routes, extracurricular activities, before- and after-school care, etc. • Description of how the school will arrange transportation for special needs students where necessary. • Clear articulation of how the proposed plan will eliminate transportation barriers for educationally disadvantaged students. 			
Points Possible:	5	Points Earned:	3
Strengths			Page
The applicant indicated that the school does not currently offer bus transportation. However, the parents do provide carpool to several students, and some of the students are picked up by after school programs such as the YMCA. Lakeside Charter Academy is applying for 2 buses to serve all of our students. One bus for the 2020 – 2021 school year will pick up Educationally Disadvantaged students at cluster stops throughout the surrounding area. They will use a program that will map out students'			16

addresses, and LCA will then select the stops based on population density and convenience. The bus will be offered on a first come first serve basis for students. In 2021 – 2022 they will have a second bus that will help us pick up more Educationally Disadvantaged Students in the area. The buses will allow students to come to LCA that would have not been able to attend if transportation was not provided to them.	
Weaknesses/Areas of Concern	Page
While this is a plan, the plan is not aggressive. The buses can be used for all students and not just EDS students. There is a problem with just saying the buses will only be used for economically disadvantaged students. The applicant will need to provide a revised Transportation Plan that is equitable and removes transportation barriers for all students.	16

C.5 Describe how the school currently does or will provide a school lunch plan that accommodates and supports educationally disadvantaged students. Provide information about participation in the National School Lunch Program or a comparable, comprehensive lunch program.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • A clear description of how the school will offer food service to all students, adhering to all nutritional guidelines. • Specific strategies to ensure educationally disadvantaged students receive daily meals and are not identifiable as qualifying for free or reduced-price lunch. • A plan to collect free and reduced-price lunch information, including procedures to receive reimbursement. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
The applicant indicated that Lakeside Charter Academy currently provides 50 students ($\frac{1}{3}$ of the student population) with free or reduced lunch. Lunch is provided from local vendors and LCA uses the service of My Hot Lunchbox for food orders. Beginning in March, LCA will provide free or reduced lunch through the “Apple a Day” catering company. LCA will ensure that all students receive lunch even if they cannot afford to purchase lunch. Lakeside will provide families with forms to fill out to ensure that the families meet the criteria for either free or reduced lunch.			17
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

C.6 Describe how the school’s professional development plan supports and is tailored to the development of educationally disadvantaged students.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Professional development standards, opportunities, leadership, and calendar/scheduling effectively support the education program and are likely to maximize success in improving student achievement, particularly for educationally disadvantaged students. • Thoughtful plan for professional development in the areas of special education, English learners, and serving low-income students, including implementation of IEP’s or personalized learning plans, discipline, and communication with families. 			
Points Possible:	5	Points Earned:	5
Strengths			Page

<p>The applicant indicated that the staff will continue with the regular practice of Professional Development throughout the year. Staff meetings also include PD, PLC's, vertical and horizontal planning that are engaging, informative, and thought provoking, with such topics as best practices in the classroom, technology, reading and math strategies, bullying prevention, and curriculum practices. The Exceptional Children staff also provide professional development for all of staff, as well as the English Language Learner teacher.</p> <p>The MTSS committee also has ongoing professional development for staff that provides feedback from the classroom, best practices, trouble shooting, and provide interventions for students in their tiered model. In 2020 – 2021, Lakeside Charter Academy will provide professional development in the areas of Technology, Restorative Practices, Scholastic FACE, and other professional development to better serve educationally disadvantaged students.</p>	17
Weaknesses/Areas of Concern	Page
No weaknesses noted.	N/A

C.7 Describe the school's plan to engage families and implement a parent/community advisory council.			
Characteristics of a strong response:			
<ul style="list-style-type: none"> • Clear plan for informing and educating parents on school policies, procedures, and programming. • A sound and compelling plan for engaging parents and community partners in the design and life of the school through the advisory council, including recruitment strategies, duties, and authority. 			
Points Possible:	5	Points Earned:	5
Strengths			Page
<p>The applicant indicated that Lakeside Charter Academy has started a parent community advisory council, named the Parent Action Team (PAT) in order to engage parent and community involvement. Currently EDS parents are serving on the Council and have begun recruiting students in their neighborhoods. The PAT has approximately 30 families participating so far and are organizing events to involve the community. The PAT will be tasked with going into the community and recruiting EDS students. The PAT organization has also made subcommittees that include: Facilities/Grounds, Special Events, Staff Appreciation, Fundraising, and Technology.</p>			19
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

Application Narrative Total (70 points possible):	62
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Section III – Application Narrative (cont.)

D. Student Transition Planning	
Outline the proposed Student Transition Committee and Student Transition Plan.	
Characteristics of a strong response: <ul style="list-style-type: none"> • Clear and specific plan to recruit, develop, and retain a Student Transition Committee. • Comprehensive Student Transition Plan that outlines timelines, communication strategies, clear transition and closure plans, and strategies for informing families of their options. 	
Status:	Complete <input type="checkbox"/> Incomplete <input type="checkbox"/>
Strengths	Page
Not applicable.	N/A
Weaknesses/Areas of Concern	Page
Not Applicable	N/A

Section IV – Budget, Budget Narrative, and Logic Model

A. Budget			
Complete a proposed budget outlining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response: <ul style="list-style-type: none"> • Outlines complete, realistic, and viable costs for the duration of the grant period. • All operational costs and major expenditures are accounted for and are realistic. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	15	Points Earned:	15
Strengths			Page
The budget provided is inclusive of all funds needed to successfully implement the project services to be provided, thus making the budget realistic. The line items and cost calculations are presented for salary and fringe to support staff and supplies to support the program.			21-25
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

B. Budget Narrative			
Complete a budget narrative explaining anticipated costs for the duration of the subgrant period.			
Characteristics of a strong response: <ul style="list-style-type: none"> • Clearly explains reasonable, well-supported cost assumptions anticipated for the duration of the grant. • Demonstrates financial viability beyond the expiration of the grant period. • There is clear alignment between the budget, budget narrative, and the proposed plan to support educationally disadvantaged students. 			
Points Possible:	10	Points Earned:	10
Strengths			Page
The budget narrative fully describes how costs are calculated and is aligned with the budget presented. The expenditures include unit prices that are reasonable and needed to support the project activities. For example, the applicant will purchase two buses for a total of (\$110,000) in the first two years of the grant to broaden reach into other communities. This is 11% of the budget.			21-25
Weaknesses/Areas of Concern			Page
No weaknesses noted.			N/A

C. Logic Model	
Complete a Logic Model demonstrating how actions and expenditures are expected to lead to specific outcomes.	
Characteristics of a strong response: <ul style="list-style-type: none"> Clearly articulates how actions and expenditures are expected to lead to specific outcomes. Aligns clearly and directly to the application narrative. 	
Points Possible:	5
Points Earned:	5
Strengths	
The applicant demonstrates a rationale for the proposed project, as evidenced by the Logic Model presented. The inputs align with the outputs, outcomes and impacts. The consistent review and analysis of data will allow for the project to address challenges as they arise throughout the project year.	20
Weaknesses/Areas of Concern	
No weaknesses noted.	N/A
Budget, Budget Narrative, and Logic Model Total (30 points possible):	
30	

Section V – Competitive Preference Standards

Opening, expanding, or replicating a school in a rural or underserved urban area (i.e. without a high-quality school within fifteen (15) miles).			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not addressed.			

Increasing the racial and ethnic diversity in their new, expanded, or replicated school.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not addressed.			

The inclusion of high school (9-12) grade levels.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not addressed.			

Develop or manage a charter school focused on dropout recovery and academic reentry.			
Points Possible:	3	Points Earned:	0
Comments (if applicable)			Page
Not addressed.			

Competitive Preference Standards Total (12 points possible):			0
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Section VI – Priority Consideration Status

Currently serve a forty percent (40%) or higher economically disadvantaged population.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not addressed.	N/A
Economically disadvantaged, English learners, and students with disabilities have proficiency rates higher than the state average for their subgroup.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not addressed.	N/A
As evidence of participation in applicable federal programs, have Title I status.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not addressed.	N/A
Maintained an “A” or “A+NG” SPG, as determined by the NCDPI, and met or exceeded growth, as determined by EVAAS, for three consecutive years prior to the application.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Comments (if applicable)	Page
Not addressed.	N/A

Priority Consideration Status Total (4 standards possible):	0
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Section VIII – Certification

Characteristics of a strong response:	
<ul style="list-style-type: none"> Application is signed and certified. 	
Status:	Complete <input type="checkbox"/> Incomplete <input checked="" type="checkbox"/>
Comments (if applicable)	
Application is not signed and certified.	

Summary Ratings

General Standards	Status
Section I – Application Contact Information	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section II – Assurances	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Section VIII – Certification	<input checked="" type="checkbox"/> Complete <input type="checkbox"/> Incomplete
Total (all sections must be <i>complete</i> to pass)	<input checked="" type="checkbox"/> Pass <input type="checkbox"/> Fail

Technical Standards	Points Possible	Points Earned
Section III – Application Narrative	70	62
Section III (D) – Student Transition Plan Not applicable	<input type="checkbox"/> Complete <input type="checkbox"/> Incomplete	
Section IV – Budget, Budget Narrative, and Logic Model	30	30
Section V – Competitive Preference Standards	Up to 12	0
Total (must receive at least <i>80 points</i> to pass)	100	92

Priority Standards	Standards Possible	Standards Met
Section VI – Priority Consideration Status	4	0

Overall Application Status	Rating
In order to pass, the application must (a) achieve a rating of “Pass” for the General Standards and (b) score at least eighty (80) points on the Technical Standards. The Priority Standards will be used to determine priority if there are more eligible applications than available awards.	<input type="checkbox"/> Pass with Priority
	<input checked="" type="checkbox"/> Pass
	<input type="checkbox"/> Fail