

NORTH CAROLINA CHARTER APPLICATIONS



NC Public Charters

Organization Information

Organization Name *

New Generation Charter Academy

Email *

ezellas92@gmail.com

Telephone *

919-622-4099

Fax

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Address *

11980 Hwy. NC 48 Whitakers, NC

Unit/Suite

Zip Code *

27981

City *

Wanchese

State *

North Carolina

Application Type *

Standard

Proposal Type *

Replication

Operator Type *

EMO/CMO



Primary Contact Name

Adam Ezell

Has the School Leader Been Identified?

Yes No

Do you have any Corporate Partnerships?

Yes No

Proposed Leader Name *

Proposed School Leader Current Job/Position *

List any principal/leadership programs the proposed leader is currently enrolled in or have completed

Opening Year *

2022

Enrollment Projections

Grade Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year at capacity
Total	220	264	308	352	396	405
8					44	44
7				44	44	44
6			44	44	44	44
5		44	44	44	44	44
4	44	44	44	44	44	44
3	44	44	44	44	44	44
2	44	44	44	44	44	44
1	44	44	44	44	44	44



Grade Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year at capacity
K	44	44	44	44	44	44

Team Members Roaster

Name	Title	Position	Email Address
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Board Members Roaster

Name	Street Address	Zip Code	Email	Expertise
Nancy McDaniel	11980 Hwy. NC 48 Whitakers, NC	27981		Education



1. Application Contact Information

Q1. Organization Type

- Municipality
 Nonprofit Corporation

Q2. Name of the nonprofit organization

New Generation Charter Academy

Q3. Has the organization applied for 501C3 nonprofit status?

- Yes
 No

Q4. **The next few questions will** inquire about the person who will serve as the primary contact for this Application. The primary contact will serve as the contact for follow-up, interviews, and notices regarding this Application.

Please provide the Primary Contact's Title/Relationship to Non-Profit

Executive Manager

Q5. Primary Contact's

Mailing Address City, State, Zip

P.O. Box 19191

Raleigh, NC 27619

Q6. Primary Contact's Primary Telephone Number

919-538-8060

Q7. Primary Contact's Alternate Telephone Number

919-850-9960

Q8. Geographic County in which charter school will reside

Nash County and Edgecomb County. In Rocky Mount. This one of the few school districts which straddles counties.

Q9. LEA/District Name

Nash-Rocky Mount School District

Q10. Projected School Opening Month

August 2022

Q11. Will this school operate on a year-round schedule?



Yes

No

Q12. Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan outlined above.

Our rationale for the number of students to be served in year one is based upon the poor performance of local schools and the need for school choice. Nash-Rocky Mount School District student population exceeds 15,000 students. Our growth plan is designed around available resources, including facilities.

Q13. Projected Enrollment Demographics

Q14. Certification of Originality



4. Replication Section

Per SBE policy CHTR-016, the State Board of Education (SBE) may, in certain well-defined instances, grant permission for a non-profit corporation board of directors (board) to replicate either its own successful model or to employ an educational management company (EMO) or a charter management organization (CMO) to replicate a successful model currently being operated under the management of the EMO or CMO. The SBE may also, in certain well-defined instances, grant permission for a non-profit corporation board to “fast track” such a replication by foregoing the planning year normally required for newly-approved charter applicants.

Q15. Please provide the name of the charter school being replicated.

Torchlight Academ

Q16. Please provide the state that the charter school being replicated has been authorized to operate in.

North Carolina

Q17. Are you a board of directors currently operating a charter school in NC and applying to replicate its currently existing model?

YES

NO

Q18. Are you a board of directors that does not currently operate a school but is partnering to replicate an existing model operated by an EMO/CMO?

Yes

NO

Q19. Does the EMO/CMO partnering with the board meet the criteria listed below.

1. A board of directors partnering to replicate an existing model operated by an EMO/CMO must demonstrate that each of the schools being managed by the EMO/CMO in North Carolina
2. have an academic proficiency comparable to the LEAs in which the current schools are located; or
3. meet or exceed growth for the three years immediately preceding the application at issue.
4. If the EMO/CMO does not manage any schools in NC or the schools it manages in NC do not yet have the data listed above, the board must demonstrate to the SBE that the schools operated in other states by the EMO/CMO meet similarly rigorous standards for academic performance. The EMO/CMO must continue to meet these standards throughout the application period.
5. The board must demonstrate that each of the schools in North Carolina managed by the EMO/CMO have unqualified audits without fiscal compliance issues for three years immediately preceding the application.
6. If the EMO/CMO does not currently manage any schools in NC or the schools in NC it manages do not yet have the data listed above, the board of directors must demonstrate to the SBE that the schools operated



in other states by the EMO/CMO meet similarly rigorous standards for financial performance. The board of directors must maintain this standard through the application period.


Yes

No

Q20. **Attach as Appendix A3.1 Replication Educational Outcomes - for the replicated school for the last three academic years**

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 6

Evidence :


Appendix.pdf

Q21. **Describe which academic qualifications schools managed by the EMO/CMO have met that make them suitable for replication.**

Torchlight Academy has earned a "C" grade on the North Carolina Public School Report Card and "exceeded expected growth" for the past three (3) years while serving a high-poverty, mostly minority student population. The school has outperformed the state and local school district for Black students, Hispanic Students, English learners, and Economically Disadvantaged students.

Q22. **Financial History**In the following questions, outline the 3-year financial history of the proposed replicated charter school as evidenced in either financial statements or the IRS Form 990.

1) **Financial History 3 Years Prior**

Torchlight Academy's financial performance is characterized by clean audit reports with positive fund balances. For example, the 2019 fund balance was positive, 2018 was a positive \$280,450, 2017 was a positive \$257,418, and 2016 as a positive \$168,049.

Q23. 2) **Financial History 2 Years Prior**

Torchlight Academy's financial performance is characterized by clean audit reports with positive fund balances. For example, the 2019 fund balance was positive, 2018 was a positive \$280,450, 2017 was a positive \$257,418, and 2016 as a positive \$168,049.

Q24. 3) **Financial History 1 Years Prior**




Torchlight Academy's financial performance is characterized by clean audit reports with positive fund balances. For example, the 2019 fund balance was positive, 2018 was a positive \$280,450, 2017 was a positive \$257,418, and 2016 as a positive \$168,049.



Q25. Attach the Financial History supporting documents as "Appendix A3.2 Replication Financial Evidences."

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 10

Evidence :

		
TorchlightAcademy 2017 Audit...	Torchlight Academy 2016 Audit...	Torchlight Academy 2018 Audit...

Q26. [Check to continue](#)

Continue



7. EMO/CMO

Q27. Name of the EMO/CMO

Torchlight Academy Schools, LLC

Q28. EMO/CMO

Mailing Address

City State Zip

P.O. Box 19191

Raleigh, NC 27619

Q29. EMO/CMO Phone Number

919-538-8060

Q30. EMO/CMO Contact Person

Donnie McQueen

Q31. EMO/CMO Email Address

torchlight.director@gmail.com

Q32. EMO/CMO Website

www.tlaedu.org


Q33. Explain how the contract with the specified EMO or CMO will be in the best educational and financial interest of the charter school

Torchlight Academy Schools, LLC is providing substantial initial support to the school's planning and start-up operations. The management company will provide continuing support to the school. Torchlight brings significant experience with charter schools. In its initial efforts to engage a management firm, Torchlight provided support without initial cost to the school.

Q34. Attach Appendix A4.1: Executed Management Contract

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :


New Generation Contract 2020....



Q35. What other EMO/CMOs were pursued and why did the applicant select this one? Please include information regarding other management organizations' fees and financial/academic records that led to the selection of the proposed EMO/CMO as the best fit for this proposed school

The Board investigated other management companies but none were responsive like Torchlight. We compared Torchlight's fees to other providers in the market through available published reports. Torchlight's fees were found to be reasonable and consistent with the industry.

Q36. Provide and discuss student performance, governance performance and financial data from other schools managed by the management company to demonstrate how this organization is a good fit for the targeted student population. Nationally, what are the highest and lowest performing schools of the EMO/CMO? Why are these two schools so different in overall achievement?

Torchlight Academy has earned a "C" report card grade and "exceeded academic growth" for the past three (3) years.

Q37. Describe how the governance structure will be affected, if at all, by the EMO/CMO, and particularly discuss how the board of directors of the charter school will govern the school independently of the EMO/CMO.

New Generation Charter Academy Board of Directors recognizes its statutory role and authority as it pertains to curriculum, operations, and budget. We recognize our duties as the North Carolina Non-Profit Corporations Act. The management company is a contracted vendor and will operate at the pleasure of the New Generation Charter Academy Board of directors.

Q38. Provide a description of the relationship that will exist between the charter school employees and the Management Organization

Teachers are hired directly by the Board and work under the supervision of the school leader (a/k/a: Principal, Superintendent, Headmaster, School Administrator, School Director). All other employees are directly employed by the Management Company. The school leader is an employee of the management company and serves as the day-to-day operator of the school.

Q39. Explain how the contract includes measurable objectives whereby the charter school board can evaluate annually the performance of the EMO/CMO, and if necessary, terminate the contract without significant obstacles

The management agreement between the management company and the New Generation Charter Academy provides for the Board to set annual goals, evaluated the performance of the management company on student academic performance, finance, operations, marketing, facilities, federal program administration, and compliance. The Board has the power to terminate the management agreement.

Q40. Is the facility provided by the EMO/CMO?

Yes



No

Q41. Attach Appendix A4.2 Facility Buyout Agreement, if applicable

The facility has not yet been acquired.

Upload Required

File Name: Appendix A4.2 Facility Buyout Agreement File Type: pdf, image, excel, word, text

Max File Size: 50 Mandatory: No

Evidence :


BUY OUT AGREEMENT.pdf

Q42. List the fund balance and surpluses for each school managed by the EMO/CMO over the last three years in North Carolina.

2016=\$468,049

2017=\$257,418


2018=\$280,450


2019=\$177,835


Q43. Attach Appendix A4.3: EMO/CMO Financial History Provide as Appendix A4.3 the financial history and statements of the EMO/CMO over the last three years. Specifically, if contracting with an EMO, provide confirmation that the EMO is in good standing by providing bank statements from the prior three years.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :


TorchlightAcademy 2017 Audit....


Torchlight Academy 2016 Audit....


Torchlight Academy 2018 Audit....

Q44. Attach Appendix A4.4: IRS Form 990 Provide as Appendix A4.4 the IRS Form 990 (or equivalent documents if the organization does not file a 990) for the prior three years

Upload Required File Type: pdf, image, word Max File Size: 30 Total Files Count: 10

Evidence :



IRS Form 990.pdf



8. General-Mission Purposes, and Goals

8.1. Mission and Vision

Q45. The mission statement of the proposed charter school is as follows (35 words or less)

New Generation Charter Academy's mission is "To prepare students for the intellectual demands of an ever-changing world."

Q46. What is the vision of the proposed school? What will the school look like when it is achieving the mission?

We currently live in a world of rapid change. Many jobs that exist now did not exist 10 years ago. Newly acquired skills quickly become obsolete in a rapidly changing world. Our vision is to prepare our students to function in a world of rapid change. Our goal is to assure that our students develop problem-solving skills, logical reasoning skills, analytical reasoning skills, and abstract reasoning skills (think outside the box). We will develop students that are well disciplined and possess the skills to adapt to rapid change.

Q47. Provide a description of Targeted Population in terms of demographics. In your description, include how this population will reflect the racial and ethnic composition of the school system in which it is located. Additionally, how it will reflect the socioeconomic status of the LEA, SWD population, and ELL population of the district? See G.S. 115C-218.45(e).

We are targeting educationally disadvantaged students residing in the Nash-Rocky Mount School District jurisdiction. The student population will reflect the diversity which exists in the local school district. We anticipate greater than 50% economically disadvantaged students, about 13% of students with disabilities, and about 20% ELL students.

Q48. What are the enrollment trends and academic performance outcomes of surrounding schools in the selected community? What elements of your educational model will meet the needs of your target student population?

The local school district has maintained enrollment around 10,000 students for the past three years in grades K-8. The local district has consistently underperformed the State. For example, in 2017 the district grade level proficiency was 43% as compared to the State's 58.8%, in 2018 the district scored 43% as compared to the State's 58.8%, and in 2019 the district's grade level proficiency was 45.4% compared to the State's 60.4 percent. Replication of the Torchlight Model will meet the needs of the student population. Torchlight's superior performance is proven with this demographic of students whose grade level scores adversely impact the local school district.

Q49. What will be the total projected enrollment at the charter school and what percentage of the Average Daily Membership (ADM) does that reflect when compared to the Local Education Agency (LEA) of the same



offered grade levels? (i.e. If the proposed school will be grades 9-12, only compare the total enrollment to the total enrollment of the LEA in grades 9-12).

Our total projected enrollment is 414 as compared to the local districts 10,681. We anticipate enrolling about 4% of Nash-Rocky School District's grades K-8 students.

Q50. Summarize what the proposed school will do differently than the schools that are now serving the targeted population. What will make this school unique and more effective than the currently available public-school options?

The major difference between our program and the local school district is "school culture." We will operate a genuine culturally responsive educational environment. We will have high expectations for all students to achieve excellence. We will believe in all our students and act consistently with our high expectations.

Q51. Describe the relationships that have been established to generate support for the school. How have you assessed demand for the school? Briefly describe these activities and summarize their results


We have been organizing in this community for the past several years to organize a public charter school. We have conducted community surveys and made contacts with multiple stakeholders.

Q52. Attach Appendix A: Evidence of Community/Parent Support.

Provide evidence that demonstrates parents and guardians have committed to enrolling their children in your school. You must provide evidence through a narrative or visual of this educational need through survey data, or times and locations of public meetings discussing this proposed charter school. (Please do not provide more than one sample survey form).

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :


Appendix.pdf

8.2. Purposes of the Proposed Charter School

Q53. In one page or less, describe how the proposed charter school will achieve one or more of the six legislative purposes, as specifically addressed in the NC charter school statute GS 115C-218, and the proposed school's operations..

The Six Legislative Purposes of a Charter School are:1. Create new professional opportunities for teachers, including the opportunities to be responsible for the learning program at the school site.2. Hold schools accountable for meeting measurable student achievement results.3. Provide parents and students with



expanded choices in the types of educational opportunities that are available within the public-school system.4. Improving student learning.5. Increasing learning opportunities for all students, with a special emphasis on at-risk or gifted students.6. Encourage the use of different and innovative teaching methods.

New Generation Charter Academy will fulfill at least three purposes from G.S. 115C-218 as follows: **3.**

Provide Parents & Students with Expanded choices in the types of educational opportunities that are available within the public-school system: As previously stated, Edgecombe and Nash Counties possess one school of choice each. In Edgecombe, the school serves K-12. Its results are positive, but the school serves only 14% economically disadvantaged students when the average school in the LEA is serving over 55% economically disadvantaged. This school is not offering all families a school of choice.

The school in Nash County has been a D for the past three years and has not met growth in the past two. The current “choices” the community has are either not accessible or are not performing any better than traditional low-performing schools. A new approach to education is needed for the families of Nash and Edgecombe counties. Our school will utilize teaching strategies that are research-based best practices in serving the targeted student population. In addition to instructional methodologies, New Generation Charter Academy will teach coding beginning in Kindergarten and help students frame their learnings with the help of ethics and leadership courses throughout the week. These courses are believed to increase academic achievement and raise self- esteem.

4. Improving Student Learning: Students in this area desperately need a school that improves educational outcomes. Schools in this area are simply failing students, with academic achievement scores of D and F being the norm. Only one school in the entire LEA serving grades K-8 is above a D.

5. Increasing learning opportunities for all students, with a special emphasis on at-risk or gifted students: New Generation Charter Academy will focus on “at-risk” students. The school will use “Teach Like a Champion” strategies to assist in student engagement and classroom management. The school’s overarching instructional strategy is active- based learning which has demonstrated success with at-risk students by achieving higher levels of engagement. With most of the student body’s at-risk population being Black, the school will train teachers in culturally-responsive teaching to eliminate cultural bias in the classroom. The proposed school’s mission and vision align with the above-stated purpose.

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8.3. Goals for the Proposed Charter School

Q54. Provide specific and measurable goals for the proposed school for the first 5 years of operation outlining expectations for the proposed school's operations, academics, finance, and governance. Address how often, who, and when the information will be communicated to the governing board and other stakeholders.

The governing board of New Generation Charter Academy will adopt a matrix of goals for which the school’s lead administrator shall submit an annual report to the governing board and the school’s stakeholders (including parents) each year at a date and time to be fixed by the board. The annual report



shall report the school's progress toward achieving said goals. New Generation Charter Academy goals to be reported upon for each of the first five years are as follows:

Operations

The school's lead administrator shall include progress on the operations matrix goals as part of its monthly report at each governing board meeting. The operating goals are as follows:

1. Meet 100% of all requirements for facility inspections for fire, health, and safety.
2. Meet 100% of health and sanitation requirements for the school's child nutrition program.
3. Meet 100% of safety requirements for the school's bus transportation program including bus inspections.
4. Meeting 100% of state licensure requirements for staff, including teachers and other personnel requiring a professional license.
5. Meet 100% of requirements for recordkeeping including student records, exceptional children records, business, and financial records.

Academics

The school's lead administrator shall include progress on the academic matrix goals as part of its monthly report at each governing board meeting. The academic goals are as follows:

1. The school will test 100% of all students required to be tested under N.C. Accountability Program.
2. Each student subgroups matriculating at the school will achieve a minimum of 1.2 times growth over the previous year or the beginning of the year benchmark test.
3. Each student subgroup matriculating at the school will exceed the performance composite of the local school district for the same subgroups by 5 points.



4. All non-state tested grades will show 1.2 times growth over their beginning year benchmark test by the end of the school year.
5. All non-state tested grades year-end performance composite will exceed their initial benchmark performance composite by 5 percent.

Finance

The finance goals shall be reviewed each quarter by the governing board where indicated:

1. The governing board will adopt an annual operating budget each fiscal year for the next fiscal year by June 15th of each year.
2. The school's annual single audit, completed by a Local Government Commission approved Independent Certified Public Accountant, will show no deficit and zero "0" adverse compliance findings.
3. The school will have zero "0" non-compliance finding in its financial operations for all state, local, and federal programs.
4. The governing board shall receive 12 monthly financial reports each year, one for each month of the year which shows the school's financial position including the approved budget, funds received, and funds expended.
5. The governing board shall monitor its Dun & Bradstreet Credit Report each quarter and assure that all its current bills are paid on time and the school maintains a high credit rating.

Governance

The governance goals shall be reviewed by the governing board each quarter where indicated:

1. The board shall conduct a minimum of ten (10) regular board meetings per year.



2. A total of 100% of governing board members will complete an annual conflict of interest disclosure by June 30th each year.
3. The governing board will complete an annual self-evaluation by June 30th each year.
4. The governing board will complete a formal evaluation of the lead administrator by June 30th each year.
5. The governing board shall complete a formal service evaluation of the contracted educational services provider by June 30th each year.

Q55. How will the governing board know that the proposed public charter school is working toward attaining their mission statement?

New Generation Charter Academy's mission is "to prepare students for the intellectual demands of an ever-changing world." At the core of our mission is the preparation for the intellectual demands. The Governing Board believes that students must learn to read well, do math well, and matriculate at grade level in science as a minimum standard of preparation for the "intellectual demands" of our changing society. We will know that we are attaining our mission when New Generation Charter Academy data-driven instructional program yields data which shows that our students are on the path toward exceeding both the local school district and State performance composites (and growth).



9. Educational Plan

9.1. Instructional Program

Q56. Provide a detailed description of the overall instructional program of the proposed charter school, including:

- major instructional methods
- assessment strategies, and
- explain how this instructional program and model meet the needs of the targeted student population

New General Charter School's educational plan is a replication of the Torchlight Academy Educational Model. Torchlight Academy is located in Raleigh, North Carolina. The school has consistently achieved high academic growth over the past four years while serving a high poverty minority student population which consists of about 62% Black students and 37% Hispanic students. The educational standards base of Torchlight Academy's instructional program is the North Carolina Standard Course of Study. The school uses a cross-curricular approach to instruction that integrates standards for social studies, science, healthful living, guidance, world language, into the school's Reading/English Language Art and Mathematics programs. There school also maintains independent blocks for Reading/English Language Arts, Mathematics, Science, and Social Studies. Torchlight Academy operates a Data-Driven Instructional Model which operates around three core principles including (1) small group instruction, (2) frequent assessments, and (3) data targeted remediation.

Instructional Leadership Team

The Torchlight Academy Educational Model management of student instruction consists of oversight by the school's instructional leadership team which is led by the School Principal. The instructional leadership team consists of the Principal, a Curriculum & Testing Coordinator, and Lead Grade Level Teachers. The instructional leadership team provides guidance and support to the schools' Professional Learning Community. Lead Teachers are selected based upon performance. The Professional Learning Community (PLC) consists of the school's entire instructional staff and teachers. Teachers and instructors use an Active Learning approach to student engagement. The teachers and staff meet weekly (or more often if needed) in grade level teams to discuss student progress and identify what is working and what is not working. The system allows the instructional leadership team to quickly identify teachers whose students are not meeting academic performance expectations. The instructional leadership team, in collaboration with teachers, develop targeted intervention strategies an also provide struggling teachers any support they need to help them meet expectations.



The Torchlight Academy Educational Model is built around an “Exit Ticket” system. The school uses a standard pacing guide and standards checklist to identify which grade-level standards will be taught and when. These standards are grouped by an average of 5 to 6 standards on an “Exit Ticket.” Teachers provide instruction, including small groups, and subsequently use formative assessments of the specific standards created from N.C. School Net. Once a student demonstrates mastery of the group of standards included in the “Exit Ticket,” the student receives an “Exit Ticket” from the teacher indicating they have demonstrated mastery of the standards included on the “Exit Ticket.” Teachers and the Test Coordinator track the “Exit Tickets.” The data collected from the “Exit Tickets” is presented to the PLC on the school’s PLC Data-Wall and subsequently used for planning.

The PLC Data-Wall provides a visual representation of student progress, by class and grade level. The PLC Data-Wall is maintained in a secure meeting room used by the instructional leadership team and the school’s PLC. The school uses a color-coding system to identify grade level status by the teacher, grade level, grade band, and profile progress of the entire school. The color-code is as follows:

Color

Status

-

Green

More than 55% of students have demonstrated grade-level mastery.

Yellow

Between 45% and 54% of students have demonstrated grade-level mastery.

Red

Less than 45% of students have demonstrated grade-level mastery.



Accumulation of “Exit Tickets” by students provides students with currency to access special school privileges or provides access to special events. Exit Tickets serve the dual purpose of enabling staff to track student progress and also serve as part of a student reward system.

Digital Instruction/Remote Instruction

New Generation Charter Academy’s implementation of the Torchlight Academy Educational Model is supplemented with Digital Instruction and Remote Instructional resources. Torchlight Academy is building its capacity for Digital Instruction and Remote Instruction. New Generation Charter Academy is implementing the same capacity. The proposed school plans to provide one-to-one computers for students, an Interactive whiteboard in each classroom, a document camera in each classroom, broadband Internet access, and Child Internet Protection Act (CIPA) compliant security, policies, and procedures. The school will provide digital content resources, digital learning suites for students, and secure digital repository to store student work artifacts. Digital instructional resources will be available for teachers to use to facilitate instruction in the regular classroom. The school will have the capacity to convert the entire instructional program to a digital environment and provide students with Remote Instruction.

Major Instructional Methods

The major instructional methods used in the Torchlight Academy Educational Model includes Direct Instruction, Differentiated Instruction, Small Group Instruction, and Remediation. The school emphasizes student engagement through Active Learning. The educational model emphasizes teachers’ professional autonomy which providing teachers a strong support structure. Teacher progress is consistently monitored to assure that students are making adequate grade-level progress and the staff is empowered to make timely interventions.



Torchlight Academy's instructional leadership team considers small group instruction and remediation as the two most important instructional methods used to ensure that students increase academic performance and demonstrate growth on EOG Test.

Direct Instruction

Teachers are required to master Direct Instruction. Direct Instruction is the basic method used by teachers to deliver the first tier of instruction to students. Teachers' effective use of Direct Instruction to engage students is fundamental to the success of the overall instructional model.

Differentiated Instruction

Teachers are required to master techniques of Differentiated Instruction. Differentiated Instruction is used by teachers to assure they effectively reach students from diverse learning styles and diverse dominant learning preferences.

Small-Group Instruction

Small group instruction consists of providing direct instruction or differentiated instruction to smaller groups from within a class. The small group is identified by recently collected data and the groups are assembled based upon specific groups of standards mastery level. Teachers work together by grade level, as teams, to work with students on specific groups of instructional standards. The groups are flexible and are assembled and disbanded based upon the fluid needs of students.

Remediation



Remediation is specific instruction and support provided to individual students, separately or in small groups, which target single standards progress. Remediation can be managed by teachers and provided to students through peer support or other methods.

Active Learning

Active Learning is an instructional strategy designed to facilitate student engagement. Active Learning focuses on teachers designing lessons that are hands-on, sensory-rich, and are fun and exciting. The Active Learning experience creates a positive neuro impression on the learner which enables vivid recall and deep learning.

Digital/Remote Instruction

Digital/Remote Instruction is a vital instructional strategy to facilitate student learning to enable student participation in school in emergency situations where students may not be able to physically attend school. Teachers are required to master the use of technology and the implementation of digital/remote lessons.

Assessment Strategies

The Torchlight Academy Educational Model is data-driven with a heavy reliance on assessments. Special emphasis is placed upon timely assessments of student progress and timely use of the data collected. The school uses N.C. School Net to create grade-level assessments that are administered to all students during the first few days of school. Third Grade students also take N.C. Beginning of Grade Test (BOG) for reading. This assessment along with prior year End-of-Grade (EOG) test scores are used to develop instructional plans and strategies by the instructional leadership team and members of the PLC. Teachers carry out weekly lessons and complete formative assessments using N.C. School Net for specific educational standards. As students demonstrate mastery of specific educational standards "Exit Tickets" are used to provide evidence of demonstration of grade-level mastery. Students also participate in N.C.



Check-in's to gain test experience and the data yielded from N.C. Check-ins is used to establish another view of student progress. In the winter, during late January or early February the second administration of comprehensive N.C. School Net created assessment is conducted. The data yielded from this assessment is used to guide planning for the final walk to State End-of-Grade (EOG) testing. The State EOG is used as the final grade level summative assessment from Grades 3-8 in Reading and Math, and Grade 5 and 8 for Science. The summative assessment for Grades K-2 is administered in May or June.

How Torchlight Academy Instructional Program/Model Meet Needs of Targeted Students

New Generation Charter Academy's targeted student population consists primarily of educationally disadvantaged students. The Torchlight Academy model has been used with educationally disadvantaged students successfully to gain consistent high academic growth. The program/model provides small group instruction based upon targeted student needs. It also provides for targeted remediation for individual students. The program tracks individual student progress as well as assures each teacher has the supports needed to help all students make academic progress.

Historically, the targeted student groups have made substandard academic progress in Rocky Mount-Nash School District and Edgecombe County School District. Our proposed instructional program is specifically designed to meet the needs of targeted students.

The above comparative data illustrates evidence that the Torchlight model presents a superior product in terms of meeting the needs of targeted students.

Q57. Curriculum and Instructional Design Describe the basic learning environment (e.g., classroom-based, independent study), including class size and structure for each grade span (i.e. elementary, middle, high) the school would ultimately serve.

New Generation Charter Academy will operate three separate grade spans including Grades K-2, 3-5, and 6-8. The school plans to maintain separation between grade spans in scheduling social activities including lunch and recess. The staff will conduct planned academic grade-level activities under staff supervision. Student instructional activities will primarily occur in separate classrooms. Each regular classroom will contain an average of 20 students with one primary assigned teacher. Kindergarten classes



will have an assigned teaching assistant. The teacher to student ratio is 1 to 20 based upon regular homeroom assignment. The teacher to student ration, including all teachers who will be working with students in 1 to 2.

Other important elements of the basic learning environment will include making sure that students have an optimum learning environment which supports student high academic achievement. The school will assure optimum desktop luminescence, classroom temperature, and comfortable and safe classroom furnishings.

New Generation Charter Academy will operate a 21st Century educational environment that includes one-to-one student computers, interactive whiteboards in each classroom, document cameras in each classroom, computer charging stations, Broadband Internet access, and Child Internet Protection Act (CIPA) compliance.

Q58. Identify how this curriculum aligns with the proposed charter school's mission, targeted student population, and North Carolina Accountability Model. Provide evidence that the chosen curriculum has been successful with the target student population, how the plan will drive academic improvement for all students, and how it has been successful in closing achievement gaps

New Generation Charter Academy's mission is "To prepare students for the intellectual demands of an ever-changing world." Our mission statement is an acknowledgment of the rapid growth and change in our society. It has been predicted that the information age will create new classifications of jobs in the future which do not exist today. (U.S. Department of Labor). Students today must learn 21st Century skills such as problem solving skills, analytical reasoning, abstract reasoning, logical reasoning, and understand technology to keep pace with the ever-changing world. The North Carolina Accountability Model is designed to measure students' composite academic performance and normed academic growth. These measures of academic progress are intended to help our society prepare the current generations for the ever-changing world and future job markets by measuring what students should know and be able to do at each grade level as determined by the North Carolina Standard Course of Study. New Generation Charter Academy's targeted student population consists of educationally disadvantaged students. The targeted student population historically enters school behind their more affluent age-level peers in reading and math skills learned between ages 0-4. This differential in progress in reading and math upon entering school does not disappear in the traditional school factory model of education.



Torchlight Academy Educational Model has consistently produced significantly better student performance on the State End-of-Grade (EOG) Test than the State and local school district (Wake County) composites. Relatively speaking, the data shows that Torchlight Academy Educational Model has been more successful for the educationally disadvantaged subgroups of students than the traditional systems operated by Wake County Public School and the State of North Carolina. Educationally disadvantaged student subgroups include ethnic and racial minority groups such as Black and Hispanic students, Economically Disadvantaged students, English Language Learners, and Students with Disabilities.

Under the Torchlight Academy Educational Model, Torchlight Academy is making significant progress toward closing achievement gaps as compared to the Local School District and the State of North Carolina. For the 2019 academic school year, Torchlight Academy grade level performance for educationally disadvantaged subgroups below enjoyed a 6.38 percentage point advantage over the Local School District and 5.34 percentage point advantage over the State performance composite. We submit the public data from the N.C. School Report Cards provides ample evidence that our chosen curriculum has been successful with our targeted student population as compared to those similarly situated in Wake County and across the State of North Carolina as comparison groups.

Public data suggest our proposed educational plan will benefit all students. First, the plan demonstrated it is closing achievement gaps between students, and all student groups measured have higher academic performance under the Torchlight Academy Educational Model.

*[*Torchlight Academy educated comparatively more students with LD classification as compared to Local School District and the State of North Carolina. Examination of the data suggests that if data is adjusted for the disproportionate percentage of LD students, Torchlight Academy outperformed both the Local School District and the State of North Carolina with Students with Disabilities.]*

Torchlight Academy Educational Model has been conducted with about 100 percent of its students falling within traditional educationally disadvantaged subgroups, yet the educational model has enjoyed consistent significant success. Torchlight's students have consistently ranked within the top 1 percentile of students in academic growth from 2015-2016 to the present academic school year under the leadership of the Torchlight Academy Schools, LLC, the school's educational services provider. The Model's performance



with this student population is a demonstration that all students have the capacity to learn and achieve excellence. Torchlight's extraordinary achievement with a student population which is about 100 percent educationally disadvantaged has required the creations of a school culture that demands personal discipline and hard work for students and staff. According to Dr. Cynthia McQueen, Principal of Torchlight Academy "a major part of our success is that we use a holistic model of education. We have to address the needs of the whole child."

Q59. Describe the primary instructional strategies that the school will expect teachers to master and explain why these strategies will result in increased academic achievement for the targeted student population for each grade span (i.e. elementary, middle, high) the school would ultimately serve

New Generation Charter Academy expects teachers to master Data-Driven Instruction, Effective Remediation, Small Group Instructional strategies, and Active Learning strategies. These instructional strategies are vital for teacher implementation of the Torchlight Academy Educational Model. New Generation Academy proposes to ultimately serve students in grades K-8. The Torchlight Academy Educational Model has demonstrated success in increasing student academic achievement with our targeted student population in each grade span to be served by New Generation Charter Academy.

Data-Driven Instruction

Teachers will be required to master the use of Data to Drive Instruction. Data informs the teachers of what the student needs and when they need it. Mastery of this skill is essential to teacher success in a Standards-Based Educational System and N.C. Accountability Model. This instructional strategy enables teachers to manage academic performance outcomes of students by managing one educational standard at a time.

Effective Remediation

A single teacher may be overwhelmed in trying to meet the academic needs of all students in a diverse classroom. Teachers will be required to master "Effective Remediation" which is an instructional strategy that focuses on individual student needs. Effective Remediation requires the teacher to effectively



work with other teachers as part of a team. This is an acquired skill that is mandatory to effectively serve educationally disadvantaged students.

Small-Group Instruction

Teachers will be required to master the instructional strategies of small group instruction which includes cooperative learning strategies, peer learning strategies, and other small group instructional strategies. The small group is important to building positive relationships with students and motivating students to work diligently to achieve.

Active Learning

Teachers will be required to master the techniques of engaging students, i.e. making courses interesting and exciting to inspire the imagination and participation of students. Active learning skills enable teachers to avoid being boring and losing the interest of students.

Technology Facilitated Instruction

Teachers will be required to master the techniques of technology-facilitated instruction. Teachers will be required to have the capacity to teach in an online learning environment and interact with students remotely. The use of digital resources is a vital 21st Century skill that all our teachers will be required to master.

Q60. Explain how the proposed instructional plan and graduation requirements will ensure student readiness to transition from grade to grade and to the next grade span upon program completion



The North Carolina Standard Course of Study establishes grade level standards for each grade level in reading, math, science, social studies, and other subjects. The standards identify what a student should know and be able to do at each grade level. Students theoretically should substantially master grade level standards to move to the next grade level and to ultimately transition from the school's terminal grade level. The school will use formative and summative assessments, student attendance, behavior, and other factors to determine students' overall grade level progress. New Generation Charter Academy will use an objective standard to transition students from one grade level to the next and from one grade span to the next through the terminal grade level which is consistent with the school's grading scale.

Q61. Describe in a brief narrative below on how the yearly academic calendar coincides with the tenets of the proposed mission and education plan.

New Generation Charter Academy will operate for 1025 hours plus the additional required five remote instruction days each year. The school's yearly academic calendar provides more than adequate planned instructional time to carry out our pacing guides and complete teaching of grade level standards. The calendar also provides sufficient time to carry out student remediation prior to summative testing and State End-of Grade (EOG) Testing. In addition, the yearly academic calendar provides time for teacher professional development and teacher planning time to assure that teachers may properly prepare to carry out the Torchlight Academy Educational Model as our educational plan.

New Generation Charter Academy mission "To prepare students for the intellectual demands of an ever-changing world" coincides with the school's yearly academic calendar and education plan. The convergence of the academic calendar, the school's mission, and the education plan addresses the necessary elements to carry out the school's educational plan to fulfill the school's mission in linear time.

Q62. Describe the structure of the school day and week. Include the number of instructional hours/minutes in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for student learning.

New Generation Charter Academy school day starts at 7:00 a.m. with school breakfast and morning meetings/assembly. Students are in homeroom by 7:30 a.m. The instructional calendar requires a 90-minute block of Reading/English Language Arts and 90 minutes of Mathematics each school day Monday through Friday. Students receive 60 minutes of Science and 60-minutes of Social Studies each school total. The school day end with regular dismissal each day at 3:00 p.m. School is an 8-hour day starting at 7:00 a.m. and ending at 3:00 p.m. The total number of instructional hours is 6.5 hours each day plus .5 for lunch, .5 for breakfast, and 5. for recess time. The core instructional time for Reading/English Language



Arts, Mathematics, Science, and Social Studies consist of 5-hours. A total of 1.5 hours each day is committed to scheduled non-core subjects. The typical week consists of 32.5 hours of instruction. The year has about 31.5 weeks of instruction.

New Generation Charter Academy's daily and weekly schedule will provide for optimal student learning as a consequence of the instructional leadership team, teachers, and instructional staff exercising due diligences each and every day to assure that students are engaged in a rigorous academic curriculum designed to advance their academic progress.

Q63. Describe a typical day for a teacher and a student in the school's first year of operation

The typical day for a teacher and a student in the school's first year of operations are as follows:

Teacher's Typical Day.

The teachers begin arriving at 7:00 a.m. each school day and in their classrooms by 7:30 a.m. prepared to receive students and start the academic school day. Teachers have a common planning period each day with their grade level counterparts. Teachers may plan as a team on certain days and plan individually on certain other days. Teachers will generally have a duty-free lunch period except that each teacher, in teams of two will have a total of two weeks of lunch duty and recess supervision.

Student's Typical Day.

The students arrive at school by 7:00 a.m. each school day. Students have a nutritious breakfast and start classes at 7:30 a.m. During breakfast, each day students participate in a morning meeting/assembly where issues of the school community are discussed. Student news is reported, and students are given



notice of upcoming events. Students begin academic work at 7:30 a.m. have lunch and recess at mid-day and are dismissed at 3:00 p.m. Student bus rides or travel to and from school vary dependent upon where they live and the bus schedule.

Q64. Will this proposed school include a high school?

- Yes
- No

Q65. High School Graduation and Post Secondary Readiness Describe how the proposed charter school will meet the Future-Ready Core requirements. Provide details on how the students will earn credit hours, how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered

New Generation Charter Academy will not operate a high-school.

Q66. Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (trade school, military service, or entering the workforce).

New Generation will only serve students in grades K-8.

Q67. Explain what systems and structures the school will implement for students at risk of dropping out and/or not meeting the proposed graduation requirements

New Generation is not operating a high-school.

Q68. **Attachments** Attach Appendix B: Curriculum Outline per Grade Span (for each grade span the school would ultimately serve).

One sample curriculum outline (in graph form) in the Appendices for one core subject (specific to the school's purpose) for each grade span the school would ultimately serve.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 28 Total Files Count: 5

Evidence :


Appendix.pdf

Q69. If applicable, attach Appendix C: 9-12 Core Content Electives

Provide a visual description of what courses (both core content and electives) will be offered at the charter high school to ensure students meet the proposed charter school's graduation requirements. Please ensure the projected staff and budget aligns with the course offerings.


N/A

Q70. Attach Appendix D: Yearly Academic Calendar (minimum of 185 instructional days or 1,025 hours)



Upload Required File Type: pdf, image, word Max File Size: 30 Total Files Count: 3

Evidence :



Appendix.pdf

Q71. Attach Appendix E: Daily and Weekly Schedule

Provide a sample daily and weekly schedule for each grade band (K-5, 6-8, and 9-12) the school ultimately plans to serve.

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Evidence :


Appendix.pdf

9.2. Special Populations and “At-Risk” Students

Q72. Explain how the school will identify and meet the learning needs of students who are performing below grade level and monitor their progress. Specify the programs, strategies, and supports you will provide for these students

New Generation Charter Academy will use a Response-to-Intervention (RTI) model to manage teacher and staff response to data collected from initial benchmark tests and end of marking period benchmark test. The school will collect data through its assessment program and plan which will enable the school's instructional leader and teachers to specifically identify students who are performing below grade level very early in the school year. The assessment data will identify student academic performance as compared to their grade level peers. The RTI system is the management plan to address data-driven academic interventions to help students perform at or above grade level by the end of the academic school year. Intervention strategies are tiered and may include whole class instruction, small group instruction, individual instruction, tutoring, technology-assisted instruction, and other intervention methods designed to facilitate student academic progress.

Q73. Describe the extent to which one or more of the founding board members has experience working with special populations (students with disabilities, students with 504 Plans, ELs, students identified as



gifted, and students at risk of dropping out). If no founding board members have experience working with special populations, describe the school's pre-opening plan to prepare for special populations.

New Generation Charter Academy pre-opening plan to prepare for special populations is based upon the expectation that the school will attract special student populations in a similar ratio as exists in the traditional local school district. The school will hire a licensed exceptional children's teacher with the qualifications to serve as the schools exceptional children's director. The exceptional children's director, under the supervision of the Lead Administrator, will assure the school is prepared to provide a full range of services to exceptional children services and proper accommodations to Section 504 students whom may enroll in the school. The board will adopt a policy and procedure for identifying exceptional children and 504 students during the student registration process prior to the start of school (after lottery). The school will hire a licensed EL teacher who is qualified to serve as the EL Program Coordinator. During the student registration process, all students will be required to complete the Home Language Survey. The Home Language Survey is the foundational tool which starts the process of identification of EL students in need to services. The Instructional Leader will select a team of teachers form the school's Professional Learning Community to formulate strategy to identify and accommodate academically gifted students. The school's 21st Century instructional program is designed to accommodate gifted students by establishing a means for students to matriculate as slow as their cognitive abilities require but also as fast as their cognitive abilities enable them. The school over all academic program and school culture is designed to address the needs of educationally disadvantaged students.

Q74. Explain how the instructional plan and curriculum will meet the needs of English Learners (EL), including the following:a. Methods for identifying EL students (and avoiding misidentification).b. Specific instructional programs, practices, and strategies the school will employ to ensure academic success and equitable access to the core academic program for EL students.c. Plans for monitoring and evaluating the progress and success of EL students, including exiting students from EL services.d. Means for providing qualified staffing for EL students.

New Generation Charter Academy will be fully prepared to address the needs of EL students within the context of the schools instructional plan and curriculum. The school's objective is high student academic performance for each subgroup. The school will facilitate EL's students' full access and participation in the instructional plan and curriculum by providing services which eliminate the language barrier which may block access to the instructional plan and curriculum. First, parent of student complete the Home Language Survey during the school registration process as the student has been accepted for enrollment at the close of the school lottery. Students who first language is not English or for whom English is not spoken at home as identified on the Home Language Survey are tested using the W-Apt and Wida Screener. The school will use the state scoring standards to determine is a student in eligible for EL services and at what level. Students identified as in need of EL services shall be provided the level of services indicated. The school will provide push-in services for EL students in the regular classroom. The



school will provide pull-out serves for students whose EL Plan provides for it. Students will be tested each year using the ACCESS test to determine progress and adjust the level of services. The ACCESS test will be used as an exit assessment tool for students who have gained adequate levels of English language proficiency to independently function in the classroom. The school will seek teachers with dual certifications which include EL certification during the initial teacher hiring process.

Q75. Explain how the school will identify and meet the needs of gifted students, including the following:
a. Specific research-based instructional programs, practices, strategies, and opportunities the school will employ or provide to enhance their abilities.
b. Plans for monitoring and evaluating the progress and success of gifted students; and means for providing qualified staffing for gifted students.

New Generation Charter Academy will identify and meet the needs of gifted students by providing an instructional program which is designed to enable students to matriculate as slow as their cognitive abilities require but also as fast as their cognitive abilities enable. The school will treat all student as being academically gifted.

9.3. Exceptional Children

Q76. Identification and Records
Explain how you will identify students who are enrolled within the charter school that have previously been found to be eligible for special education services or are protected under Section 504 of the Rehabilitation Act.

After the initial enrollment application and lottery, parents of students who are accepted will be required to completed student registration within 10 days of formal written notice of acceptance. Student registration forms will include questions which seek to identify whether the student has been previously found to be eligible for special education services or are protected under the Section 504 of the Rehabilitation Act. Subsequently, the school will send a student records request to the student's prior school which specifically includes a request for any exceptional children's or 504 records. Finally, the Exceptional Children's Director will review all previously mentioned records to determine the student's status. Prior to the first day of school, the Student Information Management staff will run list of students who are identified as Exceptional Children and 504 from the databases of POWERSCHOOLS and ECATS. On day one of the start of school, Exceptional Children and 504 Students will receive required services and accommodations.

Q77. Provide the process for identifying students who may be eligible for special education services as identified in the federal 'Child Find' mandate. Be sure to include how student evaluations and assessments will be completed. Include how the school will avoid misidentification of special education students.

The school will post 'Child Find' poster at strategic locations within the school, on the school's website, and discuss 'Child Find' at open house and parent orientation meetings. The school's staff, including all teachers and instructional staff, will receive professional development in 'Child Find.' Parents, teachers,



instructional staff, and other professionals working with a student may refer the student for evaluation for eligibility for Exceptional Children's services or 504 status. The school will adopt a specific policy and procedure regarding referrals. Once a referral is made and the parent has provided consent, the eligibility determination process will be completed within 90 days as required by law. The Exceptional Children's Director will obtain reports from all teachers who are teaching the student. The student will be immediately scheduled for testing by the school's educational psychologist. The Exceptional Children's Director will obtain any written reports from outside professional which can be provided by parents. The Exceptional Children's Director shall make every effort to assure that a complete record is made and the eligibility determination meeting (Individual Education Plan-IEP) is timely held. Student evaluations and assessments will be completed by professionals. The school will maintain, on file at the school, a copy of the School Psychologist's professional license, the Certifications of all personnel involved at the school level involved in processing the referral, and the Exceptional Children's Director shall review the complete record along with another qualified staff or consultant to assure there is no misidentifications of special education students.

Q78. Provide a plan detailing how the records of students with disabilities and 504 Accommodation plans will be properly managed, including the following:
a. Requesting Records from previous schools
b. Record Confidentiality (on site)
c. Record Compliance (on site)

The school will manage Exceptional Children's and 504 student records in accordance with federal and state law. All staff will receive professional development prior to the start of school to assure that staff is familiar with the Federal Educational Right to Privacy Act (FERPA) and our privacy laws regarding the handling of student records and information sharing issues. The school will request records from the student's previous school during the final student registration process (after lottery) which includes a specific request for records which show Exceptional Children or 504 status. The records clerk will establish a separate, locked, records room for all Exceptional Children's and 504 Accommodations records. The records clerk shall immediately file Exceptional Children and 504 student records in secure locked filing cabinets. The room will have restricted access, including a specific sign-in and sign-out procedure. Record confidentiality shall be maintained by the restricted access to records and the professional training of those who have access to the records. The Exceptional Children's Director or qualified designee shall make a review of Exceptional Children's records each marking period to determine that each record is in compliance with federal and state requirements. For example, review shall include, but is not limited to, determination that all eligibility determinations were completed within the required 90 days. The review will examine whether all proper signatures were obtained from parents and IEP teams. The review will determine whether all DEC forms were timely and properly completed. The school will adopt a written internal compliance audit protocol.

Q79. Exceptional Children's Programming Explain how you will meet the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible.



The properly constituted IEP Team is charged by law with making the determination of how each individual Exceptional Child's learning needs are met in the least restrictive environment possible. All staff which may be involve on an IEP team will have proper training and credentials. All staff will have received training in the concept and requirements for a Free and Appropriate Public Education (FAPE). Each IEP Team will take into consideration whether a student's disabilities are mild, moderate, or severe when creating, modifying, amending, or discontinuing an IEP. Special Education Students receive their status because an eligible disability has been shown to adversely impact student learning. The purpose of the IEP is to attempt to remediate the adverse impact of the disability on the student's ability to learn. Will shall be the policy of the school to use data-driven instruction will all students, including students with disabilities and 504 Accommodations. The School's Lead Administrator shall coordinate with the Exceptional Children's Director to regularly review student progress data (at least each marking period) to determine whether Exceptional Children, as a subgroup, are making adequate progress. The school will offer a full range of Exceptional Children's Services. Exceptional Children Teachers may push-in to regular classroom or students may be pulled-out of regular classrooms for special instructional services dependent upon the student's IEP. The school will also have a self-contained classroom available if needed. Student may be homebound is needed. The school and the IEP Team will be responsive to the individual needs of students and provide services to students in the least restrictive environment as determined by the IEP Team.

Q80. Describe the specific educational programs, strategies, and additional supports the school will provide to ensure a full continuum of services for students with disabilities. How will the school ensure students' access to the general education curriculum?

The school will provide regular classroom push-in services, regular classroom pull-out services, small group instruction, tutoring, self-contained classroom, and homebound services as needed based upon the student's IEP. The school's general education curriculum will be the basis of the school's educational program for Exceptional Children as well as all other students. Regular education and special education student are testing using the State's end-of-grade testing unless a student's IEP has approved alternative testing. Students whose disabilities required alternative testing may be provide a modified version of the general education curriculum which is consistent with the approved alternative testing. On a continuum, Special Education Students will less severe needs participate in the general education curriculum in the regular classroom. These students may be pulled-out for speech therapy or occupational therapy as indicated in the IEP. Other students with greater needs may be pulled-out of the regular classroom for modified reading or math instruction in a small group setting based up the IEP. There may be students with severe needs which may be educated in a self-contained classroom. All teachers and instructional staff shall be required to provide students access to the general education curriculum and prepare students for success on the end-of-grade test. The only exception to full participation in the general education curriculum is where an IEP Team has determined that student is in need of a modified curriculum an alternative testing.



Q81. Describe the methods and support systems that will be in place to ensure students with disabilities receive a Free and Appropriate Public Education (FAPE).

FAPE is an acronym for the legal requirements under the Individuals with Disabilities Education Act (IDEA) to provide a Free and Appropriate Education. Special Education and 504 students will not be charged any student fees which regular education students are not charged. The school will pay the cost for all services provided in the IEP or 504 Plan. The school, through the IEP Team, will assure the student receives an education which is appropriate to their disabilities in the professional opinions of the IEP Team. The school, through the IEP Team, shall assure, to the extent possible, that Special Education and 504 students are educated in a public school setting. The exception is if a private school placement is deemed in the best interest of the student and properly approved. In a private school placement is necessary, the cost is born by the school. The methods and support systems used to assure FAPE include the school's general education program, its Exceptional Children's Program, the availability of related services providers, having qualified and properly credentialed staffing, proper staff training, appropriate policies and procedures, and proper program supervision. The education we provide to our Exceptional children and 504 students is designed to prepare them for the future, including higher education, career, employment, and personal independence.

Q82. Describe how implementation of the Individualized Education Plan (IEP) will be monitored and reported to the student, parents and relevant staff.

The Exceptional Children's Director is responsible to oversight of implementation of the IEP. The Exceptional Children's Director will conduct a conference at least once each marking period to discuss student progress with parents and the students. The Exceptional Children Teacher, regular education teachers and other appropriate staff will participate in weekly data-review sessions where all students' progress is discussed including students with disabilities. The Exceptional Children's Teacher will maintain services schedules. There shall be services schedules for related services. The Exceptional Children's Director shall review IEP's and services schedules each month to assure that all Exceptional Students are receiving proper services according to their IEP. The Exceptional Children Director shall report on the progress of Exceptional Children at least once each month on an agreed upon schedule. Exceptional Children are a state established student subgroup within the school for testing and accountability purposes. The school will make every effort to assure that Exceptional Children and 504 students receive a high quality education and are able to perform on end-of-grade test to the best of their abilities.

Q83. Describe the proposed plan for providing related services and to have qualified staffing adequate for the anticipated special needs population.

The board recognizes that hiring qualified staff and providing proper training and planning is critical to a successful exceptional children's program. The human resources committee will conducted a nationwide search through teachers-teachers.org, conduct interviews of qualified candidates, and select the best qualified staff based upon our overall program and proposed school culture. The Exceptional Children's



Director shall solicit services proposals from qualified related services providers. The school will select the best qualified providers. The school will also maintain a standby list of providers to assure the school always has the ability to provide proper related services. Related services include but are not limited to the services of an educational psychologist, a speech pathologist, audiologist, occupational therapist, and optometrist.

9.4. Student Performance Standards

Q84. Describe the student performance standards for the school as a whole.

New Generation Charter Academy's mission "to prepare students for the intellectual demands of an ever-changing world" are operational in the school's student performance standards. We define "student performance standards" to include the governing board's expectation of the level of student performance required to move progressively thru our educational program. Our standards are comprised of several factors including (1) classroom performance, (2) benchmark test performance, (3) state end-of-grade test performance, and (4) general school compliance such as attendance, discipline, and so forth.

Classroom Performance

The schoolwide classroom grading policy is required to be consistent across the board. The school will operate according to the following grading scale:

Grading Scale

Letter Grade

Point System

A=

90+

B=

80+



C=

70+

D=

60+

F=

Below 60

Benchmark Test Performance

Benchmark test performance will be a component of the students' performance grade. The governing board will adopt and plan and policy which assures the Benchmark assessments are properly integrated into the marking period grades.

State and School Summative End-of-Grade Test

New Generation Charter Academy will assign a weight to the end-of-grade test to be counted towards final individual report cards. The school's leader administrator shall and his/her designee shall examine classroom performance, benchmark performance, and end-of-grade test to make a final decision on promotion to the next grade level.

Q85. Explain the use of any evaluation tool or assessment that the proposed charter school will use in addition to any state or federally mandated tests. Describe how this data will be used to drive instruction and improve the curriculum over time for the benefit of students.

The school's testing coordinator will conduct a beginning benchmark assessment and end of marking period benchmarks using the test of N.C. Standard Course of Study created in School Net. In addition to the School Net Assessments, the school will use the State End-of-Grade Test and other state or federally mandated tests. Data collected from the benchmark tests will be used to drive instruction. For example,



teachers and the school's instructional leaders will establish a pacing guiding during the summer which schedules the teaching of the mastery of the standards. Students are tested at the beginning of the year to determine each students' status with respect to mastery of the standards. Data from the benchmarks will be used to target instruction to assure mastery of the standards. The teachers and instructional leaders will make a checklist of the standards which will be marked off until the students show mastery thru a subsequent benchmark. The teachers and instructional leaders will work to assure that students master all grade-level standards prior to the End-of-Grade test. Students who fall behind will be providing special interventions such as small group instruction and tutoring to assure mastery. The school's Professional Learning Community, which consists of the teachers and instructional staff, will share experiences and use the implementation information learned to improve pacing guides in the subsequent school year.

Q86. Explain the policies and standards for promoting students, including students with special needs, from one grade level to the next. Discuss how and when promotion criteria will be communicated to parents and students.

Promotion and retention criteria will be presented to parents at the beginning of the school year during open house, and at monthly parent meetings. The policies and standards for promotion and retention will be contained in the Parent-Student Handbook which shall be distributed to all parents and students at the beginning of the school year. The Handbook will also be available on the school website. In order to be promoted to the next grade level students must demonstrate adequate progress sufficient to demonstrate they are likely to be able to succeed in the next grade level. The governing board will establish a final policy, but the minimum criteria is a composite 70 percent of the school report card. The final report card grade will include classroom work, benchmark assessment results, and end-of-grade test results. The school's lead administrator or designee is responsible for making final decisions regarding promotion and retention. Any retentions will be required to be accompanied by a detailed explanation and which can be done to remediate to move to the next grade. Students in danger of failing will be identified in January of each year and provided an opportunity to modify or develop a personal education plan which corrective actions which will enable the student to be promoted if completed.

Q87. Provide the public charter school's exit standards for graduating ALL students. These standards should set forth what students in the last grade served will know and be able to do. Be sure to include plans for students at risk of dropping out.

The exit standards for all students transitioning for the school's terminal grade level is having achieved 70% mastery of all prior years course work and 70% or greater report card grades and 70% passing of the requirements for the terminal grade level. The school adopts the N.C. Standard Course of Study as a statement of what a student should know and be able to do at the end of the school's terminal grade in reading/ELA, math, and science. Students at-risk are subject to the same standards as all other students. The school will assure that at-risk students have advance notice of their academic status by



January of each year and are afforded a plan to take corrective actions. The school will enter a STUDENT, PARENT, TEACHER, SCHOOL COMPACT which outlines what supports the school and the teachers will provide to assure students are successful.

9.5. School Culture and Discipline

Q88. Describe the culture or ethos of the proposed school. Explain how it will promote a positive academic environment and reinforce student intellectual and social development

New Generation Charter Academy's school culture will be built around the theme "Rigor, Responsibility, and Respect." The school will have weekly student meetings to discuss issue of how to improve the school. We plan to create a family like school culture build around the theme "R's" [Rigor, Responsibility, and Respect]. Teachers will receive training in "Teach Like a Champion" (TLAC). TLAC contributes to the school culture by establishing a standard for teachers in establishing student engagement. The schools ethos is reflected in the school's mission statement which is "to prepare students for the intellectual demands of an ever changing world." The school will promote each students' intellectual and social development by establishing a pattern of positive communications within the school and building a global consciousness which respects others. The schools emphasis on foreign language study, leadership, and ethics all contribute to a positive academic environment and reinforces student intellectual and social development.

Q89. Explain how you will create and implement this culture for students, teachers, administrators, and parents starting from the first day of school. Describe the plan for acculturating students who enter the school mid-year.

The teachers and staff, including bus drivers, cafeteria workers, and custodians are provided professional development prior to the arrival of students at the beginning of the school year which provides them guidance on their roles and responsibilities regarding creating a school culture. The guidance includes their school etiquette and how to interact with parents and students. All entering students and their parents are provided an orientation on the expectations of the school and parents and student sign the STUDENT, PARENT, TEACHER, SCHOOL COMPACT. The school's culture is created by the staff modeling behaviors and constantly teaching the school's etiquette. The staff begin promoting the school's culture on the first day of school and consistently model behaviors that are consistent with the school's proposed culture and ethos. Mid-year students and their parents will get the orientation. The school will have standards for students greeting each other, greeting teachers and staff, and greeting parents and other adults. The school will have regular family type discussions. The school will establish observances which celebrate progress during the school year, including pep rallies, and other events with boost student and staff moral and transmit the schools culture and ethos.



Q90. Provide a brief narrative that delineates how student conduct will be governed at the proposed charter school and how this plan aligns with the overall mission and proposed Education Plan of the charter school. Be sure to include:a. Practices the school will use to promote effective discipline.b. A preliminary list and definitions of the offenses which may result in suspension or expulsion of students.c. An explanation of how the school will take into account the rights of students with disabilities in regard to these actions that may or must lead to suspension and expulsion.d. Policies and procedures disseminating due process rights, including grievance procedures, for when a student is suspended or expelled.

New Generation Charter Academy will publish its Student Code of Conduct at the beginning of each school year. The Code will be provided to both parents and students. The school will conduct schoolwide training on the Student Code of Conduct. Students and parents will have the ability to have input in amending the Student Code of Conduct each year. The Student Code of Conduct is a social contract between students, parents, and the school. Our mission is “to prepare students for the intellectual demands of an ever-changing world.” In order to achieve our mission, it is necessary that the school set standards and maintain a standard of decorum and good conduct. The school's education plan includes the use of “Teach Like a Champion” (TLAC), active-based learning strategies, and culturally responsive teaching. The school's entire program is designed to create a culture of personal discipline.

New Generation Charter Academy will recognize the 16 reportable offenses and their definitions required by N.C. Gen. Stat., for North Carolina public schools. The Student Code of Conduct, at a minimum will distinguish (1) Minor Offense, (2) Major Offenses, and (3) Offenses Requiring Long-Term Suspension or Expulsion. The governing board will adopt and publish a Parent/Student Grievance Policy and Procedure which establishes due process rights and the procedures for filing and processing complaints or appeals of disciplinary actions. The Grievance process shall be included in the Parent/Student Handbook and provided to parents and students at the beginning of the school year and will be available on the school's website. Presentation of the Student Code of Conduct and Grievance Procedure shall be included in the mandatory student and parent orientation. Parents and students will sign an acknowledgement of having been explained and receiving a copy of the Student Code of Conduct and the Parent/Student Grievance Policies and Procedures. Any student that is suspended long-term or expelled will be provided a copy of the Parent/Student Grievance Policy and Procedure which explains their appeal rights.

9.6. Certify

Q91. This subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application

- Yes
 No

Q92. Explanation (optional):



Torchlight Academy School, LLC coordinated with the Board of Directors fo New Generation Charter Academy. This application may contain language similar to prior applications prepared by Torchlight Academy School, LLC.



10. Governance and Capacity


10.1. School Governing Body

Q93. Name of Private Non-profit

- Private Non-profit Corporation (NCGS 115C-218.1)
- The nonprofit corporation must be officially authorized by the NC Secretary of State upon application submission.

New Generation Charter Academy

Evidence :


New Generation Charter Acade...

Q94. Mailing Address

P.O. Box 19191

Raleigh, NC 27619

Q95. Street Address

105 Star Street

Q96. City/State/Zip

Raleigh, NC 27610

Q97. Phone (xxx-xxx-xxxx)

919-538-8060

Q98. Fax: (xxx-xxx-xxxx)

919-850-9961

Q99. Name of Registered Agent and Address

Torchlight Academy Schools, LLC

P.O. Box 19191

Raleigh, NC 27619



Q100. The private non-profit listed as the responsible organization for the proposed charter school has 501(c)(3) status.

- Federal Tax-Exempt Status (NCGS 115C-218.15)
- If the non-profit organization has yet to obtain 501(c)(3) status, the tax-exempt status must be obtained from the Internal Revenue Service within twenty-four (24) months of the date the Charter Application is given final approval.

- Yes
- No
- N/A. The applicant is a tax-exempt municipality

Q101. Federal Tax ID:

In the process of obtaining.

10.2. Governance

The private nonprofit corporation or municipality is the legal entity that has responsibility for all aspects of the proposed charter school. Its members should reflect the ability to operate a charter school from both business and education perspectives.

Q102. Using the attached resource as a template, please complete the table depicting the initial members of the nonprofit organization

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 3

Resources :



Evidence :


New Generation_Initial Member...

Q103. Describe the governance structure of the proposed charter school, including the governing board's functions, primary duties, roles and responsibilities as it relates to overseeing the charter school. Include how the board will recruit, hire, and supervise the lead administrator



The board consists of five members with equal voting powers. If the board grows to an even number, the board chair has the power to break a tie. The board's primary responsibilities include creating policies and procedures that operate the school, overseeing financial viability, ensuring operational compliance with all NC DPI requirements, and to supervise the implementation and fidelity of the stated academic program in this application. The board is placing itself in the position to fundraiser and connect with local businesses.

New Generation Charter Academy will conduct a nation-wide search for their Lead Administrator. The Lead Administrator will be technologically savvy, possess global consciousness, and have read our application and agreed with its tenets. We will post on online job sites and attempt to hire locally by posting in newspapers and hosting forums and encouraging community members to recommend lead administrators.

The board will oversee the Lead Administrator by requiring monthly reports, by gauging success according to the NC Accountability Model, and by having constant dialogue with leadership. The Lead Administrator will be held to the SMART goals listed in this application and be required to comply with other metrics deemed necessary as the charter school matures.

Q104. Describe the size, current and desired composition, powers, and duties of the governing board

The current size of the board is five members with equal voting powers. If the board were to rise to an even number, the board chair would have the voting ability to break a tie. The board is comprised of community members of Nash and Edgecomb counties. The board is comprised of three women and two men. The board's primary duties relate to oversight of the charter school. The board will meet at least 10 times per year, per government statute, and comply with open meetings laws. The board will review academic, financial, and operational metrics each month as laid out in the goals section of the application.

Q105. Describe the founding board's individual and collective qualifications for implementing the school design successfully, including capacity in such areas as school leadership, administration, and governance; curriculum, instruction, and assessment; performance management; and parent/community engagement.

The board possesses three educators, one of which won teacher of the year at her school. Between the three educators is over 50 years of educational experience that includes technical computer teaching, teacher professional development history, and counseling experience. The combination of these teachers and their experience among local schools have prepared the board to implement an educational plan that addresses the needs of local students.



One of our board members possesses facility experience, having managed and provided maintenance on an apartment complex he owns and working in the contracting industry for years before owning an apartment complex.

The last board member has experience running operations for multiple group homes in North Carolina, writing grants, consulting on state facilities, juvenile justice education, and operating a daycare. His acumen across such wide-ranging experiences helps round out our board on the operational and financial components of operating a charter school.

All of our board members have served as prominent community leaders throughout the area, with some serving as pastors for decades and others serving in multiple volunteer capacities. The board is firmly rooted within the community and many have lived in Edgecombe County, or surrounding it, their entire lives.

Q106. Explain how this governance structure and composition will help ensure that a. The school will be an educational and operational success; b. The board will evaluate the success of the school and school leader; and c. There will be active and effective representation of key stakeholders, including parents.

a. The board is comprised of both educators and experienced operations managers. The teachers are experienced and have local experience with the children of the community. Our board members that have run government programs, such as group homes, as well as private businesses that have a track record of success. The combination of their experiences culminates into a board that can have both passionate and objective discussions about school academics and operations. The long-standing relationships that the board has within the community will ensure enrollment and the ear of the community.

b. With the board composition including veteran educators versed in curriculum development and business owners who must regularly delegate and oversee operations, our combined experiences qualify our board to review educational metrics and outcomes.

c. The board already has one parent on the board, Stephanie. Stephanie is a passionate parent that represents the many parents who desire school choice in the area. Our board also has two pastors that have served as community leaders for decades. The board will establish a Parental Advisory Council which will have scheduled time to speak with the board of directors each month during its regular meeting.



Q107. Explain the procedure by which the founding board members have been recruited and selected. If a position is vacant, how and on what timeline will new members be recruited and added to the board?

The board formed under the direction of the board chair, Nancy McDaniel. Nancy recognized the importance in selecting a professionally diverse board, but also a board that is passionate and experienced in serving children. Nancy reached out to her network with these goals in mind and the final board was formed with those factors at the core.

The board will continuously receive resumes and speak to the board application process at regular meetings and forums with the public. The process and requirements for recruiting and filling vacant positions are outlined explicitly in our attached By-Laws.

Q108. Describe the group's ties to and/or knowledge of the target community.

The board is comprised of multiple pastors who have been serving the community for 20+ years. More than three of the board members have been living and working in and around the targeted population for 20+ years. Our board has lived, served, worked, and dedicated themselves to Edgecombe and the surrounding community and are exemplary community leaders.

Q109. Outline the strategic board calendar detailing how often the board will meet according to the bylaws established.

The board will meet at least 10 times per year on distinct months. The exact recurring day and time is yet to be decided.

Q110. What kinds of orientation or training will new board members receive, and what kinds of ongoing professional development will existing board members receive? The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.

The board of directors recognizes the need to maintain a high-quality board with members that have the necessary skills to carry-out the board's functions. The board has identified attractive skill-sets to seek out such as legal, accounting, nonprofit governance, teaching, educational administration, marketing and community relations, business, and construction and building maintenance. Board members also need to understand Robert's Rules of Order and how to participate as board members in a public charter school that is subject to North Carolina Open Meetings Laws and the North Carolina Public Records Act.

Board Member Orientation



The board will regularly recruit potential new board members and replacement board members to assure the board maintains the threshold number of board members identified in the By-Laws. The board will also prepare individuals for participation on any formed Advisory Boards or committees. All potential board members will be required to participate in a new board member orientation prior to being formally nominated and considered to serve on the board of directors. The new board member orientation consists of a two, two-hour training sessions.

First Session Topics:

- Robert's Rules of Order
- North Carolina Open Meetings Laws
- North Carolina Public Records Act
- The first session will include Roberts Rules of Order (modified), Board By- Laws, review of North Carolina Open Meetings Laws, and review of the North Carolina Public Records Act.

Second Session Topics:

- North Carolina Charter School Act
- Charter School Policies and Procedures of the North Carolina SBE
- N.C. Accountability Program
- Non-Profit Board of Director Ethics

1. Including the Boards Conflicts of Interest Policy and Procedure and Board Policy and Procedure

Once the four hours of training and background check is completed, the potential board member will be eligible for nomination, interview, and vote to be accepted as a regular board member. Completion of the four hours of training is required and must be completed prior to participation on any of the boards as a member. The successfully elected board member will then be given a binder that includes: By- Laws, the Charter Agreement, Board Policies & Procedures, the charter school's established goals, and the most recent Lead Administrator Report.



Board Member Professional Development Program

After the "Board Member Orientation," each existing board member is required to participate in a minimum of ten (10) hours of professional development annually. Board members will make regular reports of their participation in professional development to the full board including an explanation and overview of the professional development experience. The board will conduct an annual retreat for professional development which includes a review of board North Carolina Open Meetings Laws and North Carolina Public Records Act compliance, Federal Education Right to Privacy Act requirements, Financial Compliance, and review of the Governance Compliance requirements. The annual retreat, at minimum, will include federal program compliance for Title I, Title II, Title III, Title IV, and IDEA. All board members are required to participate in the annual retreat training.

The board will send board representatives to the National Charter School Conference and State Charter School Conferences to participate in external board training and obtain new information which will support the objectives of a high-quality charter school. The board will set professional development goals and participate in an annual self-evaluation. Board Members and Officers will be required to participate in specialized training related to correct board meeting minutes, review and use of data, formal board reports, policy development, and internal compliance programs. The management company will set aside funds to ensure the funds are in place for board development each year.

Q111. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Identify any existing relationships that could pose actual or perceived conflicts if the application is approved; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts

The board has submitted a conflict of interest policy for the board of directors. Any potential conflicts of interest are required to be reported formally to the board of directors. Board members may not vote on any matter in which they have a conflict of interest. The board has no known conflicts of interest. If the board becomes aware of a conflict of interest, immediate action will be taken to resolve the conflict in accordance with the drafted conflict of interest policy.

Q112. Explain the decision-making processes the board will use to develop school policies.

The board will enter discussion to develop school policies and make a final decision by a mutually agreed upon decision. If not possible, a vote will be taken with majority ruling. When items are not time sensitive, time will be taken to compile research, consult experts, and discuss options at the next board meeting.



Q113. Describe any advisory bodies, councils, or associations listed in the organization chart or to be formed, including the roles and duties of that body, and the reporting structure as it relates to the school's governing body and leadership.

The board does not currently have established advisory councils. The board will strive to create advisory bodies that are empowered to impact school policy and direction. All advisory bodies that are formed will report directly to the board of directors.

Internal councils may be formed such as Financial, Academic, and Operational. Board members shall chair each of these bodies.

The school will form a Parental Advisory Council before the beginning of the school year that will present and speak before the board of directors each month there is a board meeting. The Parental Advisory Council's by-laws will be reviewed and established by the board of directors.

Q114. Discuss the school's grievance process for parents and staff members

Parents will be given the Student Handbook at the beginning of each year that spells out the information on due process rights and the process for filing a grievance. In addition, if a student is suspended or at risk for expulsion, the parents will be informed in writing of their due process rights. Parents of students that are suspended (in school or out of school) will be contacted by an Administrator. In most cases, conferences with parents will occur at the school, or home site if preferred by the parent.

Parents can provide a written request to the Lead Administrator to appeal any suspension or expulsion. If the parent is still unsatisfied after meeting with the Lead Administrator, they may provide a written request for a grievance hearing to the Board as per the guidelines outlined in the student handbook.

Any employee who feels that they have been treated unjustly or unfairly, for any reason, has recourse to have their issue heard, per these procedures:

1. Discuss the problem with the person or persons involved as soon as possible after the event has taken place.
2. If an agreement as to how the problem will be handled is not arrived at, the employee should file his/her grievance, in writing, with the Lead Administrator.



3. A conference will be held with the Lead Administrator, the aggrieved, and other involved parties.

4. If a resolution is not reached, the aggrieved party has the option to continue with the grievance process. Such intent must be submitted in writing to the Lead Administrator within 10 days following the aforementioned grievance conference. This request will be provided to the Board to seek a final resolution. After hearing the grievance, and with advice from legal counsel, the decision of the Board Grievance Committee is final.

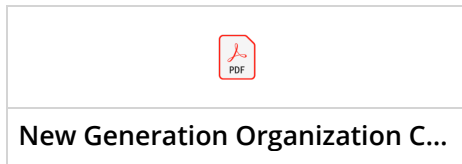
*Note: In the event the issue is with the Lead Administrator, the aggrieved party may submit a written grievance to the board at the boards monthly meeting.

Q115. Attach Appendix G Organizational Chart

- A well-defined organizational chart showing the relationship of the Board of Directors to the parents and staff of the proposed charter school. This chart should also include lines of authority to and from any outside entity that will play a role in managing or supporting the charter school (such as educational service providers, advisory bodies or parent/teacher councils).

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :



Q116. Attach Appendix H Charter School Board Member Information Form and Resume

- A one-page resume from each founding board member and responses to the questions found on the Charter School Board Member Form


Upload Required File Type: pdf, excel, word Max File Size: 30 Total Files Count: 50

Resources :



Evidence :




New Gen Resumes.pdf


Q117. Attach Appendix I Charter School Board Member Background Certification Statement and Completed Background Check for Each Board Member

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 50

Resources :



Evidence :



New Generation Background Ch...


New Gen BC Certification Forms...

Q118. Attach Appendix J Proposed By-Laws of the Nonprofit Organization or MunicipalityThe proposed by-laws, which must include a Conflict of Interest Policy for board members and a stated commitment to the NC Open Meetings Law.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 3

Evidence :


New Gen Bylaws.pdf

Q119. Attach Appendix K Articles of Incorporation or Municipal CharterIf the applicant is a non-profit board of directors, attach a copy of the articles of incorporation from the NC Department of the Secretary of State.If the applicant is a municipality, attach a copy of the municipal charter.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :


New Gen Articles.pdf



10.3. Staffing Plans, Hiring, and Management


Q120. **Projected Staff** Complete the staffing chart below outlining your staffing projections. Adjust or add functions and titles as needed to reflect variations in school models. Be mindful that your predicted administration and staff match the projected enrollment noted in Section I, course offerings, and align with the proposed budget.

The staffing chart is attached.

Resources :



Evidence :


Appendix.pdf

Q121. **Staffing Plans, Hiring, and Management.** Explain the board's strategy for recruiting and retaining high-performing teachers.

Recruitment

The board and management company will seek out teachers that have the aptitude to creatively differentiate instruction in an active-based learning environment.

Teachers must embrace the idea of the mission that drives our school: "To prepare students for the intellectual challenges of an ever-changing world."

To teach at our school, teachers must embrace Culturally-Relevant Pedagogy, Active-Based Learning, Teach Like a Champion strategies, and the importance of contextualizing learning in ethics.



The school will provide professional development and instructional infrastructure to help teachers realize their full potential as professional educators. We will offer teachers the opportunity to innovate and exercise their craft without traditional restrictions that can impede teacher and student success. The Board will: 1) Create detailed job descriptions for each position. 2) Post job openings on the school website, social media, recruitment sites, local newspapers and other resources and collaborative community programs, to include local colleges and universities. 3) Participate in job fairs 4) Have school board members and leaders share recruitment activities at national conferences and other networking opportunities.

5) Examine recommendations from Management company for review.

Retention

Our school will use research-based best practices in the retention of high- performing teachers. These include but are not limited to: 1) Creating a culture of high expectations for teachers and students 2) Evaluating teachers based on performance and offering annual salary increases based on their evaluation 3) Providing teachers data-driven feedback through class growth 4) Providing rewarding professional development opportunities for all teachers 5) Engaging teachers in decision making for school 6) An intentional focus on teacher retention by including it in school goals.

Teachers will receive regular cost of living raises each year, with a goal being the cost of inflation.

Q122. If already identified, describe the principal/head of school candidate and explain why this individual is well-qualified to lead the proposed school in achieving its mission. Provide specific evidence that demonstrates the capacity to design, launch, and manage a high-performing charter school. If the proposed leader has never run a school, describe any leadership training programs that (s)he has completed or is currently participating in. If no candidate has been identified, provide the job description or qualifications, and discuss the timeline, criteria, and recruiting/selection process for hiring the school leader

New Generation Charter Academy has not identified its Lead Administrator. The candidates will be required to have at a minimum, a Master Degree in Education or related subject and five years of management experience. The candidate will be required for complete training provided by our contracted management company.

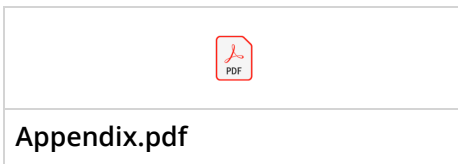


The candidate will be required to demonstrate understanding of the proposed charter school's Charter Application, its mission, vision, purpose, educational plan, and all other aspects of the proposed school. The school Leader Administrator will be responsible for the general operations of the school, including management of federal programs and all aspects of the operation. The Lead Administrator will work directly with the governing board and act as an executive secretary for the board. The Lead Administrator will meet with parents and community on a regular basis. The school will make a final hiring decision by April 30, 2020 and execute an employment contract with an effective date of July 1, 2020. Torchlight Academy Schools, LLC's ongoing educational leadership training includes administrative duties, federal program responsibilities, recordkeeping, the performance framework, all aspects of the educational plan, and other topics.

Q123. Attach in Appendix O the School Leader's Resumelf school leader has been identified, include the school leader's one-page resume in Appendix O.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :



Q124. Provide a description of the relationship that will exist between the charter school employees and the school's board of directors.

All employees, except teachers, will report directly to the management company. Teachers will be jointly hired by the management company and the board of directors. All teacher candidates that are hired must first be confirmed by the board of directors.

Explicit contract descriptions of personnel relationships can be found in the management contract.

Q125. Outline the school's proposed salary range and employment benefits for all levels of employment.

The salary range for the Lead Administrator is \$50-60K. The Instructional Leader is \$40-50K. Core Content Teachers are \$40-50K. All positions are negotiable within the budgeted amount. The budget lists average salaries. The school will pay up to \$1,800 per year for all full-time employees for health care cost and 4 percent employer match for retirement.

Q126. Provide the procedures for handling employee grievances and/or termination

Any employee who feels that they have been treated unjustly or unfairly may have their issue heard, per these procedures:



(a) Discuss the problem with the person or persons involved as soon as possible after the event has taken place.

(b) If an agreement as to how the problem will be handled is not arrived at, the employee should file his/her grievance, in writing, with the Lead Administrator. A conference will be held with the Lead Administrator, the aggrieved and other parties.

(c) If a resolution is not reached, the aggrieved party has the option to continue with the grievance process. Such intent must be submitted in writing to Lead Administrator within 10 days following the aforementioned grievance conference.

(d) If no resolution can be reached, the employee must submit to the Lead Administrator a written request to the Grievance Committee of the Board in order to seek a final resolution. This request must be submitted within ten days of receipt of the Lead Administrator's decision. After hearing the grievance, and with advice from legal counsel, the decision of the Board Grievance Committee is final.

Q127. Identify any positions that will have dual responsibilities and the funding source for each position

During the school's infancy years, the school will require that multiple positions serve dual purposes:

- Exceptional Children's Teacher: Will also serve as the EC Coordinator until more EC teachers are needed. (LEA/State)
- Instructional Leader: Test Coordinator. The Instructional Leader will serve as the testing coordinator during the first few years of school operation (LEA/State)

Q128. Describe the plans to have qualified staffing adequate for the anticipated special needs population and means for providing qualified staffing for EL and gifted students

Teachers will be hired in the first year who are able and qualified to complete compliance paperwork in conjunction with the management company, per agreement. An EC Instructional Assistant will be added in year 3 to assist with instructional duties. The school will develop and maintain relationships with at least one Psychologist, Speech Pathologist and Occupational Therapist within the community. These services will be contracted on an as-needed basis per IEP. Many of our service providers will be able to bill Medicaid in addition to Medicaid reimbursement. The school has allocated funds within the budget to meet these needs.

Q129. Provide a narrative detailing the roles and responsibilities, qualifications, and appropriate licenses that each position must have to be hired by the school's board of directors and effectively perform the job function(s).



The Lead Administrator is responsible for the overall day-to-day operations of the school. The Leader Administrator will have at least a Master Degree and three years related experience. The Instructional Leader is responsible for the school instructional program including supervision of the teaching and instructional staff. The Instructional Leader will also act as the school Test Coordinator. The Instructional Leader will have at least a Master Degree. Teacher(s) will have a North Carolina Teaching License and at least a Bachelor Degree. Teacher will be responsible for classroom instruction.

10.4. Staff Evaluations and Professional Development

Q130. Identify the positions responsible for maintaining teacher license requirements and professional development.

New Generation Charter Academy's Lead Administrator, in conjunction with the contracted management company, will be primarily responsible for maintaining teacher licensure requirements and professional development. The school's general teacher licensure status and professional development will be made a regular part of monthly Lead Administrator's report to the governing board.

Q131. Provide a detailed plan noting how the school will mentor, retain and evaluate staff in a format that matches the school's mission and educational program. Plan should also describe how the school will meet the teacher certification and licensure requirements for teachers as prescribed by state and federal law. Be sure this overview matches with the projected staff and funding of the proposed budget section.

New Generation Charter Academy's mission statement is ***"To prepare students for the intellectual demands of an ever-changing world."*** The school's education plan provides use of active-based learning as the school's overarching instructional methodology. The school will also require teachers understand and utilize culturally responsive pedagogy. The school will use "Teach Like a Champion" (TLAC) as its major classroom management strategy. The school's mission and educational plan will be carried out by strategically hiring teachers and staff, providing them with appropriate professional support, and providing them timely evaluations and feedback which is designed to facilitate their professional growth and success in teaching our students.

Under North Carolina Charter School law, public charter schools are required to maintain a minimum of 50% of its teachers having a valid North Carolina Teaching License. Under ESSA, Title I, Part A, a public school is required to have 100% of its teachers in a highly qualified status. During summer professional development, each teacher will complete a Teacher Professional Development Plan in coordination with the school's Lead Administrator. The Teacher Professional Development Plan shall set forth a plan for each individual teacher to obtain or maintain professional licensure. The Lead Administrator shall review each teacher's progress in fulfilling the Teacher Professional Development Plan each month.



The Lead Administrator shall assign a mentor to all beginning teachers. The school will adopt a Beginning Teacher Licensure Support Policy and Procedure which will be approved by the N.C. Department of Public Instruction. The school has budgeted sufficient funds to support the school's professional development program. New Generation Charter Academy will provide appropriate support to individual teachers and staff to assure they have access to proper professional development opportunities, mentoring, and peer support. The school's goals include retaining teachers who serve the best interest of our students.

Q132. Describe the core components of the professional development plan and how these components will support the effective implementation of the educational program. Describe the extent to which professional development will be conducted internally or externally and will be individualized or uniform.

The core components of New Generation Charter Academy's professional development plan includes ten (10) days of mandatory in-house summer professional development, plus eight (8) day of professional development during the school year for a total of eighteen (18) days of professional development each year. The in-house professional development will be provided the contracted management company. The professional development's focus includes providing teachers training in active-based learning strategies, culturally responsive pedagogy, TLAC, our school culture, and all elements of our educational plan. Mel Silberman's book "Active Learning" will serve as a textbook for teacher training in Active-Based Learning. Another core component of professional development plan is the individual Teacher Professional Development Plan designed to ensure teachers obtain and/or maintain professional licensure and highly qualified status. The next core component of the school's professional development program emphasizes mentoring and peer support training. Finally, the school will provide limited resources for teachers to participate in outside professional development required to help teachers obtain or maintain teacher licensure and/or highly qualified status.

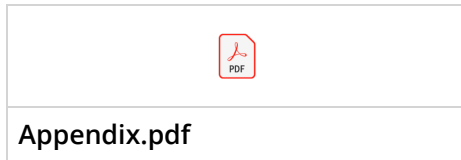
Q133. Provide a schedule and explanation of professional development that will take place prior to school opening. Explain what will be covered during this induction period and how teachers will be prepared to deliver any unique or particularly challenging aspects of the curriculum and instructional methods.

Orientation, The School's Educational Plan, The School Culture, Teacher Professional Development Plan, School Etiquette, Staff/Parent Relations, Active- Based Learning Strategies, Culturally Responsive Pedagogy, Teach Like a Champion, Data-Drive Instruction, Testing & Assessment, Role of Volunteers in the school, FERPA, FAPE, Recordkeeping, Grades, Communications with Parents, Technology, CIPA, Health & Safe (including CPR, EpiPens, Diabetes Plans, Blood borne Pathogens, emergency evacuation, Code Blue, Inclement Weather, Fire Drills, and other topics are included in the first 10 days of professional development prior to the start of school.



Staff will be trained on every aspect of the new school's operations. The governing board believes that mandatory professional development will enable the school to build an effective school culture that will result in high student achievement. All teachers will be required to become proficient in active-based learning, culturally responsive pedagogy, and TLAC. Additional professional will be provided during the school year.

Evidence :



Q134. Describe the expected number of days/hours for professional development throughout the school year, and explain how the school's calendar, daily schedule, and staffing structure accommodate this plan.

New Generation Charter Academy has built into its regular calendar eight (8) additional full days or 64 contact hours of professional development to be carried out during the school year. The eight (8) days are mandatory teacher work days. The school may provide professional development during weekly staff meetings if there are issues which require the additional support.

10.5. Marketing, Recruitment, and Enrollment

Reaching the full capacity for enrollment will be critical to obtaining the necessary financial resources to keep your school viable and operating efficiently. In addition, it is required by law that charter schools provide equal access to all students. Read the charter school state statute regarding admissions 115C-218.45 carefully.

Q135. Marketing Plan Marketing to potential students and parents is vital to the survival of a charter school. Provide a plan indicating how the school will market to potential students and parents in order to reasonably reflect the racial/ethnic and demographic composition of the district in which the charter school will be located or of the special population the school seeks to serve: (G.S.115C-218.45(e)).

- Initial Application process (Nov - Dec 2021) - Communications to local media outlets (local newspapers and radio) regarding the start date of a new school. Flyers will be distributed throughout local businesses regarding the process of a child applying to the school and contact persons. The management company and the board will have a forum for parents and potential students to attend for information and questions regarding the school and the application process.



- Open Enrollment Period (Jan-March 2022) – Applications will be accepted for two months. Open enrollment will close at the end of February. Beginning in March, applications will be reviewed by the management company in accordance to NCGS 115-c.281.45 regulations, a lottery held, and then successful applications submitted to the board for approval. A board meeting will be scheduled at the end of the month to review the management company recommendations which will be open to the public.
- Preliminary Planning Period (Apr. - May 2022) Applications have been accepted and the management company begins outreach to the parents on requirements and information needed for their child to attend the first day of school. The board will assist the management as needed to in this process.
- Final Approval, Student Enrollment and Planning Period (June - July 2022) Upon receipt of all information with the recommendation of the management group for student enrollment for 2022-2023 school year, the board will review and accept or deny the recommendation. The board will

meet early enough that any corrections and/or additions can be made to ensure we have met our number of students to begin the school year. The board will work closely with management group and school administration in a consultant capacity with classroom sizes, teacher placement, and student pairing.

- First 20 Days of School (Aug. - mid Sept. 2022) - The board will have their first meeting during the school year to take a snapshot of the school from the management group's perspective on how parents and students view the school and ensure correct policy and procedures are being implemented by the management in accordance with board expectations and state statutes. This meeting will be open to the public.
- First Semester (Dec. 2022) - The board will review the data supplied by the management company on the progress of the school to date. Key indicators that the board will look at i.e., student attendance, adaptability of curriculum, parent's assessment of school and student attitude towards learning. The meeting will be open to the public.



- Open Enrollment / Enrollment Period for the 2022 - 2023 school year (Jan. - May 2022) The school will plan and add an additional grade level per our charter agreement. If the school loses students, this will give us the opportunity to recruit more students to replace those that did not return.
- Finalizing Plan and Expansion for Year Two (June to July 2022) - The board will review and approve the performance of the management group and our desire to continue to use their serves based upon the data receive about the students' performance, fiscal responsibility and regulatory compliance. The facility we picked is adequate to accommodate the expansion. We will work with school administration and the management group to add additional staff to accommodate the expansion and approve the process when completed.

Q136. Describe how parents and other members of the community will be informed about the school.

Various marketing methods will be utilized to reach all students. These methods include:

- Door-to-Door Marketing
- Mailers
- Radio Public Service Announcements
- Newspaper Press Releases
- Social Media Engagement
- Regular Public Forums/Events
- Association Engagements
- Day-care outreach

Q137. Describe your plan to recruit students during the planning year, including the strategies, activities, events, and responsible parties. Include a timeline and plan for student recruitment/engagement and enrollment, with benchmarks that will indicate and demonstrate suitable recruitment and enrollment practices over time.

November 2021



- o Host a public forum to announce school opening in 2022 (Board)
- o Send radio clips in both English and Spanish to local radio stations to be aired as PSA's (Torchlight Schools (TLS))
- o Begin full-website development (TLS)
- o Advertise on Social Media (Board/TLS)

December 2021:

- o Participate in holiday activities of all religions to engage diverse communities (Board)
- o Advertise upcoming open enrollment (Board/TLS)
- o Finalize website (Board/TLS)

January 2022:

- o Open Enrollment Begins

February 2022

- o Open Enrollment Ends, Lottery event is held, and parents are contacted to confirm acceptance (Board/TLS)
- o Parents are required to finalize enrollment by submitting required information



March 2022:

- o Open Enrollment is re-opened if target student number is not met
- o A celebratory event is held at the campus site for accepted and enrolled students (Board)

April 2022:

- o Public Forum is held for parents that are on waiting list and what that means for their chances of attending our school (Board/TLS)

May 2022:

- o Back-to-School Information is sent to the address of enrolled students (TLS)

June 2022:

- o Advertise Meet-the-Teacher Event in July (TLS)
- o Hold a Cook-out for enrolled students/parents (Board)

July 2022:

- o Hold a Meet-the-Teacher Event for all upcoming students (Board)
- o Contact all parents/students that did not attend to confirm interest and attendance in August (TLS)



August 2022:

- o Hold a week-long program leading up to school to ensure school interest and attendance come the start of school (Lead Admin/TLS)
- o Hold Student/Parent Orientation (Lead Admin) Metrics:
 - ROI on events and the number of applications submitted
 - Parent surveys from parents at our orientation event that asks where they first heard of the school, if the applied online or in-person, and an open-ended question making recommendations on best ways to engage their family
 - Website views/Facebook likes that occur after each event/marketing push. This will help us understand how successfully our marketing/community engagement tactics work to facilitate parental action to learn more

We hope to keep the cost of obtaining an application under \$5. With a marketing budget of \$5,000 in the first year, this would put us well under budget.

Q138. Describe how students will be given an equal opportunity to attend the school. Specifically, describe any plans for outreach to: families in poverty, academically low-achieving students, students with disabilities, English learners, and other students at-risk of academic failure. If your school has a specific area of focus, describe the plan to market that focus.

- Our marketing materials will be in both English and Spanish to engage ELL students and families.
- Free transportation and free and reduced lunch will be advertised so economically disadvantaged families are aware that our charter school serves all students.
- Most students are at-risk of academic failure in the area, and our board is determined to serve those students. We will host forums that are accessible to low- income families and host events that attract low-income families such as backpack giveaways.

Q139. What established community organizations would you target for marketing and recruitment?



- Multiple church congregations our board members lead
- Local Daycares
- Girls & Boys Club

10.6. Parent and Community Involvement

Q140. Describe how you will communicate with and engage parents and community members from the time that the school is approved through opening.

Upon approval of the Charter Application, the board will continue its parent and community engagement. All board of directors' meetings will be open to the public and include a public comment period. The board will establish a Parent-Community Support Committee to work directly with the school's Lead Administrator. The board and school administration will communicate with parents and the community by posting information on the school's website, sending emails, and by written correspondence. The school will establish open enrollment dates and a lottery date. The school will hold a series of public forums during the open enrollment period to explain the school's mission and purpose and to engage the support of parents and the community. The school will establish a roster of students that are successful applicants for the schools initial opening year. The school will also establish a wait list for unsuccessful applicants after the school's lottery.

The school will form a Parent-Community Support Committee that will be engaged to support the Leader Administrator and the Board by volunteer service in getting the school open including installation of the playground equipment, cleaning of the facility and setting up the furniture. Parents and community volunteers will assist with conducting open house and parent/community volunteers will receive training to support volunteer service and to qualify to serve of the school's boards and committees. Parents will receive training to act as volunteer tutors, engage in fundraising, support their students and participate in the life of the school.

Q141. Describe how you will engage parents in the life of the public charter school. Explain the plan for building engaging partnerships between the family and school that strengthen support for student learning.

All parents will be invited to participate in monthly Parent-Community Support Committee meetings. The monthly meetings will include training opportunities on issues such as supporting our academic scholars, parenting, volunteer service, and many other topics of interest. The Parent-Community Support Committee may volunteer as bus monitors, greeters for morning and afternoon car rider lines, lunch and



recess support, field trip chaperones, monthly Saturday clean-up of the school facilities and grounds, tutor assistance during academic enrichment activities after school or on Saturday enrichment events. The Parent-Community Support Committee will assist in the facilitation of the school's carpool.

Parent and community involvement in the school will be an important part of the school's program. The school's culture will require parents to support the school at home by enforcing and facilitating homework and study time to encourage students to do their best. The school will conduct regular events which involve family participation. The school will work to assure that students who may not have strong family support have other parent and community volunteers that will support their academic success.

Q142. If already identified, describe any programs you will offer to parents and/or the community and how they may benefit students and support the school mission and vision.

Parent Workshops- (Monthly, time and location TBD)

- Parent Volunteer Training Workshop
- Parents as Tutors Workshop

- Family Budgeting and Financial Workshop
- Family Support of Academic Success
- Personal Development Workshop
- Child Discipline
- Time Management Workshop
- Reading at Home
- Math at Home Science at Home
- Fundraising Workshop



10.7. Admissions Policy

Q143. Provide the school's proposed policies and the procedures for admitting students to the proposed charter school, including:

- Tentative dates for the open enrollment application period, enrollment deadlines and procedures. *Please be advised schools cannot accept applications until after final approval from the SBE.
- Clear policies and procedures detailing the open enrollment lottery plan, including policies regarding statutory permitted student enrollment preferences.
- Clear policies and procedures for student waiting lists, withdrawals, re-enrollment, and transfers.
- Explanation of the purpose of any pre-admission activities (if any) for students or parents.
- Clear policies and procedures for student withdrawals and transfers.

New Generation Charter Academy's board of directors will adopt an admissions policy which details the school's admissions process. Open enrollment will be scheduled for a minimum of 30 days in January, in accordance with state statute. The lottery will take place mid-February. We will run public service announcements in local news and social media outlets to announce the period of open enrollment and lottery prior to the first day of open enrollment. On the first day of open enrollment, an admissions application will be available online and via printed copies. We will email a link to the admissions application to our developed email list that we have been gathering through the application process. We will mail admissions application forms to those on the list that do not use email. We will conduct a significant effort to get the word out about open enrollment. We will collect admissions applications for the 30 days of open enrollment. If the number of applications exceeds the number of seats available at any grade level, we will conduct a lottery for that grade level on the scheduled lottery date. Admissions applications received after the close of open enrollment will go on a secondary wait list in the order received.

After the lottery is completed, those students that were not successful in obtaining admission through the lottery will be placed on a wait list. The wait list order will be based upon the drawing. The school will publish applicant's assigned lottery number (no names) on the school website showing the applicant lottery number of students accepted by grade level and the ordered wait list. Parents and students do not have to be present to win the lottery. Immediately following the lottery, the school will send an official notice of acceptance for students accepted. We will also send a notice to students that were not accepted with waitlist instructions. Accepted students and parents will have 10 business days to contact the school and accept admission. If admission is not formally accepted within 10 business days, the seat will be given to the next person on the waitlist. Admissions Acceptance Forms will be available on the date of the lottery.



Once a student has been formally accepted, parents will be required to submit student registration information. The initial Admissions Application will only include the students name, address, residency, grade level, date of birth, sibling information, and preferred contact information and method. The full registration packet will include records request authorizations and detailed information including health, immunizations, exceptional children and 504 statuses, and so forth.

The school will conduct a series of introductory events prior to the start of school. The school admission policy will also address withdrawals, re-enrollment, and transfers. Students that withdraw because of parent military service, employment, or education have an admission preference if they return during the two-year period. Students that withdraw outside of the policy preference will be required to go through the lottery process over again. Students that transfer under the withdraw preference may return when a seat is available as a preference. The school will also recognize limited preferences for board members, teacher, and staff.

Q144. Weighted Lottery Does your school plan to use a weighted lottery?

The State Board of Education may approve an applicant's request to utilize a special weighted, or otherwise limited, lottery in certain circumstances. If the charter applicant wishes to deviate in any way from the open lottery normally utilized by charter schools, the following requirements must be met:

1. In no event may a lottery process illegally discriminate against a student on the basis of race, religion, ethnicity, gender, or disability.
2. A lottery process may not be based upon geographic boundaries, such as zip code or current public school attendance zones, unless the charter school is operated by a municipality OR the charter school was converted from a traditional public school. Municipal charter schools may give enrollment priority to domiciliaries of the municipality in which the school is located (G.S. 115C-218.45(f)(7)), and charter schools that were converted from traditional public schools shall give admission preference to students who reside within the former attendance area of the school (G.S. 115C- 218.45(c)).
3. A lottery process that deviates from the standard lottery must be based upon the school's unique mission and must be based upon educationally, psychometrically, and legally sound practices, protocol, and research.

Yes

No

Q145. This subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application

Yes

No

Q146. Explanation (optional):



Application developed in conjunction with management company. May contain similarities to prior applications by drafted by the management company.



11. Operations

Q147. I certify that this subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application

- Yes
 No

Q148. Explanation (optional):

May contain similarities to prior applications prepared by Torchlight Academy Schools, LLC.

11.1. Transportation Plan

Q149. Describe in detail the transportation plan that will ensure that no child is denied access to the school due to lack of transportation. Include budgetary assumptions and the impact of transportation on the overall budget. The details of this plan should align with the mission, identified need for the charter school, targeted student population, and the budget proposal.

If you plan to provide transportation, include the following:
a. Describe the plan for oversight of transportation options (e.g., whether the school will provide its own transportation, contract out for transportation, attempt to contract with a district, or a combination thereof) and who on the staff will provide this daily oversight.
b. Describe how the school will transport students with special transportation needs and how that will impact your budget.
c. Describe how the school will ensure compliance with state and federal laws and regulations related to transportation services

New Generation Charter Academy budget provides a part-time transportation coordinator. The transportation coordinator will manage the day-to-day operations of the school's transportation program. The school will contract qualified bus drivers and provide its own buses. The transportation coordinator will set bus routes, pickup times, and locations. The school will use an alert system which uses a text messaging feature to communicate bus information and updates to parents. The school will make any special arrangements for special transportation needs. The school will use its dedicated transportation funds or amend its budget as needed to assure that all students in need of special transportation arrangements are able to get to and from school. The transportation coordinator will assure that all school buses or other vehicles used for school transportation are regularly and properly inspected in accordance with state, local, and federal laws. The transportation coordinator will assure the buses are internally inspected at least monthly to assure the buses are in good repair and safe for our students.

The transportation will coordinate with the school's lead administrator will assure that bus driver receive training on the school's culture and the Student Code of Conduct and rules of discipline on the buses. The transportation coordinator and the lead administrator will provide parent orientations on the



school's transportation program. The transportation coordinator will oversee the school's parent car pool program.

New Generation Charter Academy transportation program is designed to assure that no child is denied access to the school due to a lack of transportation. The school anticipates working closely with educationally disadvantaged students. The school's transportation is designed to help the school fulfill its mission by assuring that the children get to school in a bus atmosphere which is consistent with the school's proposed culture, mission, and vision.

11.2. School Lunch Plan

Q150. Describe in detail the school lunch plan that will ensure that no child is lacking a daily meal. The details of this plan should align with the targeted student population and school budget proposal. If the school intends to participate in the National School Lunch Program, include the following components in the response: a. How the school will comply with applicable local, state, and federal guidelines and regulations; b. Any plans to meet the needs of low-income students; and c. Include how the school intends to collect free- and reduced-price lunch information from qualified families. If a school intends to participate in the Community Eligibility Provision, describe the methodology the school will use to determine eligibility.

New Generation Charter Academy governing board recognizes the interest between good nutrition and student academic performance. The school will provide for student access to high quality breakfast and lunch for its students. The school will participate in the National School Lunch Program and provide high quality meals which are compliant with United States Department of Agriculture (USDA) standards. The school's budget provides for a child nutrition coordinator whom will be responsible to the day-to-day operations of program. The school will establish procurement policies and procedures, and set up meal plans, serving guidelines, and address all health and safety issues related to food preparation, storage, serving, and sanitation. The child nutrition coordinator will assure the school's operation meets all local, state, and federal requirements. The school will initially collect family income data from student's parents to determine whether the student qualifies for free or reduced price lunch. If the school reaches the required 40 percent threshold, the school will participate in the Community Eligibility Provision (CEP) program and will use the Direct Certification process to determine eligibility.

11.3. Civil Liability and Insurance

The Nonprofit shall name the SBE as an Additional Named Insured to their liability coverage for operation of a charter school while obtaining and maintaining insurance at a minimum in the following amounts:

1. Errors and Omissions: one million dollars (\$1,000,000) per occurrence;



2. General Liability: one million dollars (\$1,000,000) per occurrence;
3. Property Insurance: For owned building and contents, including boiler and machinery coverage, if owned;
4. Crime Coverage: no less than two hundred fifty thousand dollars (\$250,000) to cover employee theft and dishonesty;
5. Automobile Liability: one million dollars (\$1,000,000) per occurrence; and
6. Workers' Compensation: as specified by Chapter 97 of NC General Statute, Workers' Compensation Law

Q151. Complete the attached table, indicating the amount of each type of coverage as outlined in a quote obtained from an insurance provider.

The table is attached. The total insurance cost is \$13,549.00. Funds are allocated in the budget.

Resources :



Evidence :

New Gen Insurance Coverage Te...

Q152. Attach Appendix L: Insurance Quotes

- The applicant must provide a quote from an insurance provider as part of this application (as Appendix L) to demonstrate the levels of insurance coverage and projected cost.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :

NC Charter School Prem. Estima...

11.4. Health and Safety Requirements

All public charter schools are required to follow the regulations regarding health and safety as stated in G.S. 115C 218.75.



Q153.

We, the Board members will develop a written safety plan and policies to be shared with staff, parents and students and be available upon inspection from the Department of Public Instruction and local Health Departments.

The Board Chair must sign this question.

Signature

Q154. **Start-Up Plan** Provide a detailed start-up plan for the proposed school, specifying tasks, timelines, and responsible individuals (including compensation for those individuals, if applicable).

New Generation Charter Academy will submit this application, participate in the charter school interview, and upon initial approval the board will schedule governance strengthening exercises, and participate in the board training provided by the Office of Charter Schools for the planning year. Each month the board will review and adopt policies and procedures for the operations of the school. In October, the board will announce that open enrollment will begin on January 15 and remain open for a period of 30 days and be flowed by a lottery. The board will promote the open enrollment thru free public service announcements, and news coverage from the local media. The school will also hold several community forums to promote student enrollment. The contracted management company and selected volunteers will provide staff support for start-up activities. In March, the school will begin advertising staff positions at the school, including teachers, administrators, clerical support, and other positions. In April and May, a selected board committee in coordination with the management company assignee will complete application reviews, and enter staff employment agreements. There will be two weeks (10 full days) of professional development for all teachers and instructional staff help in July or August, prior to the arrival of students.

In April and May, an appointed board committee and the management company assignee will begin selecting furnishings, entering agreements for equipment and technology, and assemble everything the school will need to operate on day one. The team will work with the contractors and landlord to assure the facility will be ready with an educational certificate of occupancy by July 1. The board chair and the



management company assignee will work together to assure the school completes all its ready-to-open requirements by May 30 and be able to present the educational certificate to occupancy during the first week of July.

The school will be processing student registrations after completion of open enrollment and lottery. The school will establish itself in the NC EDDIE system during the first week in July. The school will conduct open houses and parent orientation in August (at least two events). On the first day of school, a contingent of parent volunteers will be on standby.

Q155. Describe what the board anticipates will be the challenges of starting a new school and how it expects to address these challenges. Submit a Start-up (Year 0) Budget as Appendix O, if applicable.

New Generation Charter Academy anticipates the biggest challenges will be student recruitment during the open enrollment period, hiring staff, and getting the facility in place. We expect to address these challenges by a sustained and diligent effort. Addressing these issues are part of the governing board's reasoning for engaging an experienced management company early in the process.

Evidence :



11.5. Facility

Q156. What is your plan to obtain a building? Identify specific steps the board will take to acquire a facility and obtain the Educational Certificate of Occupancy. Present a timeline with reasonable assumptions for facility selection, requisition, state fire marshal and health inspections, and occupation. Note that the SBE may approve a charter school prior to the school's obtaining a facility; however, students may not attend school and no funds will be allocated until the school has obtained a valid Certificate of Occupancy for Educational use to the Office of Charter Schools

New Generation Charter Academy has obtained a firm commitment for use of 37,670 SF former Pope Elementary School located at 226 Coleman Avenue Rocky

Mount, North Carolina. The facility will undergo minor upgrades such as paint and other repairs but will obtain an educational certificate of occupancy on or before July 1, 2022. The governing board has been working with the facility owner and anticipates that all required inspections, including fire, health and safety, and others will be completed before July 1, 2022.



Q157. Describe the school's facility needs based on the educational program and projected enrollment, including: number of classrooms, square footage per classroom, classroom types, common areas, overall square footage, and amenities. Discuss both short-term and long-term facility plans. Demonstrate that the estimate included in your budget is reasonable.

The school will need 11 classrooms to meet our initial enrollment goals or two classrooms per grade level, plus one exceptional children's classroom. Existing classrooms are approximately 800 SF each. We will need a teachers' workroom, administrative offices, storage space, secure file rooms, and a multipurpose room. Our minimum SF of space needed is about 12,000 SF. In the first year, we will lease one wing of the facility and expand in the second year. The facility has adequate space to accommodate the school's full expansion over the first five years of operation.

Q158. Describe school facility needs, including: science labs, art room, computer labs, library/media center, performance/dance room, gymnasium and athletic facilities, auditorium, main office and satellite offices, work room/copy room, supplies/storage, teacher work rooms, and other spaces

As previously stated, the minimum SF needed is about 12,000 SF of space for classrooms, administrative offices, teachers' workroom, storage and records rooms, and multipurpose room. The current facility has the capacity to expand to 37,670 SF.

Q159. What is the breakdown of cost per square foot for the proposed facility? Outline how this cost is comparable to the commercial and educational spaces for the proposed school location

The cost for the facility is no more than \$12.00/SF. According to LoopNet data, the average SF range in the Rocky Mount area for similar use is between \$4.00/SF and

\$25.00/SF. The governing board investigation of cost indicates the \$12.00/SF cost is a reasonable and fair price.

Q160. Facility Contingency Plan: Describe the method of finding a facility if the one the board has identified will not be ready by the time the public charter school will be opening. Include information regarding the immediate spatial needs of the school and identify any programs that will not be immediately offered because a permanent facility has yet to open

The board has investigated several other facilities options and has a licensed real estate agent working with our team. The other facilities we have identified will enable the school to timely open and will not result in a need to eliminate, postpone, or curtail our academic program.

Q161. Describe the board's capacity and experience in facilities acquisition and management, including managing build-out and/or renovations, as applicable.

New Generation Charter Academy governing board member Dexter A. Waters served as the Director of Operations for East 3 Region for residential group homes. He has served as Division of Health Services Facility Consultant. Michael A. Williams, Sr. has served as a maintenance supervisor and is a professional



plumber. These two board members' combined experiences with facilities acquisition and management will be vital to the school start-up and maintenance of facilities. In addition, the contracted management company has experience in acquiring facilities and serves as the board's professional consultant. The governing board has and will supplement any area of knowledge and experience deficit with professional consultants. The board also has a licensed professional realtor working with the board to meet its facility needs.



12. Financial Plan

Q162. I certify that this subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application.

- Yes
 No

Q163. **Explanation (optional):**


This section may contain similarities to prior applications prepared by Torchlight Academy Schools, LLC

12.1. Charter School Budget

Q164. If applicable, attach Appendix M: Revenue Assurances. Assurances are needed to confirm the commitment of any additional sources of revenue.

No additional resources at this time.

Evidence :


Revenue Assurances.pdf

Q165. Attach Appendix N: Proposed Budget for Year 1 through Year 5


Click "Resources" (to the right of this text) to access and download the Budget Template.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Resources :



Evidence :


Appendix N_New Generation Ch...

12.2. Budget Narrative



Q166. How was the student enrollment number projected?

The student enrollment project for the school's first year of operations is 220. Several factors were taken into consideration in making the projections for years one thru five. First, we considered the potential need for the school and potential applicant pool within a 50 mile radius or approximately 1 hour bus ride to the school location. Next, we considered the limitations on startup resources and the feasibility of providing facilities and bus transportation.

Q167. Provide an explanation as to why you believe there is a demand for the school that will meet this enrollment projection

Our research indicates that parents of educationally disadvantaged students have all but given up on having a school choice option which meets the needs of their students. Our data indicates that more than a sufficient number of parents will select New Generation Charter Academy as a school choice for their students.

Q168. Provide the break-even point of student enrollment

New Generation Charter Academy break-even point for its first year of operations is 180 students.

Q169. Discuss the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated

New Generation Charter Academy governing board will amend its budget or use a contingency budget if anticipated revenues are less than estimated. Contingency budgeting involves establishing priorities of what can be cut first and establishing an order to timely reduce expenditures to assure the school operates within the available resources and does not run a deficit. The plan also considers cash flow issues such as timing of inflows and outflows of cash. The board will set priorities to first assure the integrity of programs which could impact student outcomes. The school will not rely on revenues which are not committed and have a reasonable expectation of being received. The school's core program will operate from state and local funds. Federal funds are considered supplemental and will not supplant state and local funds.

Q170. Does the budget rely on sources of funds other than state, county, and federal (e.g., loans, donations, etc.)? If so, please provide the source and amount. Also, describe any committed contributions and in-kind donations of goods or services to be received by the charter school that will assist in evaluating the financial viability of the school. Clearly indicate between those grants or in-kind donations which have already been firmly committed and those the board is planning to pursue. Be sure that the appropriate assurances documentation is provided in the appendices.

New Generation Charter Academy budget does not rely upon sources of funds other than state, county, and federal funds. If any other funding commitments arise, the school will not rely upon said funds without a written commitment and without verifying the reliability of the sources.



Q171. Provide the student to teacher ratio that the budget is built on

New Generation Charter Academy budget was built upon a student to teacher ratio of 1 to 22. The core teacher to student ratio does not include specials courses or other instruction which may not involve the core teacher. The core teacher ratio does not include or account for the impact of planning time or other times the core teacher is not with his/her class. The school recognizes the student to core teacher ratio as a valuable but limited metric in planning high quality educational programs.

Q172. Describe the board's individual and collective qualifications and capacity for implementing the financial plan successfully

New Generation Charter Academy governing board recognizes its limitations and capacity in the area of financial planning. Therefore, the governing board has worked to assure it engages individuals with background, training, and experience which can provide it reliable expertise. The governing board has engaged an experience management services provider to help it facilitate its financial plan.

Q173. Describe how one or more high needs students with disabilities might affect the budget and your plan to meet student needs that might be more than anticipated

New Generation Charter Academy governing board recognizes that one or more high needs students with disabilities can have a substantial budget impact on a charter school. The governing board further recognizes students' rights to attend the charter school and the legal requirements to provide services. The governing board plans to be fully prepared to meet the needs of all students by recognizing when and how to apply for resources needed to meet the needs of its students, such as PRC 029 funds or PRC 118 for autistic student support. The school will also be prepared to seek reimbursements from Medicare, Medicaid, and Private Insurance for reimbursable services to high needs students. The governing board recognizes the need to plan ahead and to fully understand the operating environment and resources which may be available. New Generation Charter Academy will remain full prepared to address the needs of all students which are accepted thru the lottery and to provide FAPE.

Q174. If there is a plan to outsource any or all financial management areas such as payroll, benefits, audits, fundraising, accounting, etc., provide a statement on how the vendors will be selected and how the board will oversee their activities to ensure fidelity and compliance.

New Generation Charter Academy has entered into a management contract with Torchlight Academy Schools, LLC which will provide financial management services for the school including payroll, benefits administration, and accounting services. The board will separately contract a Local Government Commission approved Independent Certified Public Accountant to conduct the annual single audit. In all case, the school will identify and investigate at least three vendors and will select the best candidate which can meet the needs of the school. The board will consider price, quality, and experience in the matrix use to select vendors. The governing board will adopt procurement policies and procedures.



Q175. Does the school intend to contract for services such as student accounting and financial services, exceptional children instructional support, custodial etc. Describe the criteria and procedures for the selection of contractors and large purchases

New Generation Charter Academy will adopt and publish procurement policies and procedures which govern selection of vendors with appropriate threshold amounts for informal purchasing, obtaining three quotes, and a formal bid process.

Q176. Explain how the budget aligns with the school's mission, curricular offerings, transportation plans, and facility needs

New Generation Charter Academy budget is designed to assure the school can meet its mission statement. The budget provides sufficient funding to meet the school's curricular offerings, its transportation plan, child nutrition, and provide for the school's facility needs. The budget is aligned to the stated elements by providing sufficient resources to assure that said items can be carried out.

Q177. What percentage of expenditures will be the school's goal for a general fund balance? Describe how the school will develop the fund balance.

New Generation Charter Academy governing board's general fund balance goals is 3 to 8 percent of revenue. The school anticipates that general fund balance goals will be tied to student enrollment and the marginal cost of the school's operations.

Q178. Provide a description of proposed financing structure. Include financing of facilities, other asset financing and leases

New Generation Charter Academy governing board will enter a financing lease for its facilities, furnishing, and equipment (including student computers). The school will also maintain a line of credit to assure the school meets its cash flow needs. The contracted management company is committed to providing the school with \$50,000.00 in start-up capital.

Q179. Will the school have assets from other sources (e.g. building, furniture, chairs, computers, etc.)? If yes, please provide a list. Note which are secured and which are anticipated, and include evidence of commitment for any assets on which the school's core operation depends.

New Generation Charter Academy governing board has entered a management contract with Torchlight Academy Schools, LLC. The management company has committed \$50,000.00 for start-up capital and to provide for furnishing.

12.3. Financial Compliance

Q180. How will the school ensure adequate internal controls, including segregation of duties, safeguarding of assets, accurate and adequate recording keeping?



New Generation Charter Academy governing board will adopt Internal Control Policies and Procedures which comply with Generally Accepted Accounting Practices (GAAP).

Q181. Provide any known or possible related party transactions (relationship, description of transaction and estimated dollars involved)

None

Q182. Provide the name of the firm approved by the NC Local Government Commission (LGC) that will conduct the audit. Include the complete mailing address, telephone number and fax number. If a firm has yet to be identified, please list the firms the board has investigated

Darrell L.Keller, CPA, PA, 105 S. City Street, Kings Mountain, NC 28086. Telephone: (704) 739-0771; Fax (704) 739-6122.



13. Other Forms


Q183. Sign the attached Charter School Required Signature Certification document and upload it as a PDF or image file.

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :


Appendix.pdf


Q184. Sign the attached Contracting Certification Form document and upload it as a PDF or image file.

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :


Appendix.pdf



14. Third-party Application Preparation

Q185. Was this application prepared with the assistance of a third-party person or group?

Yes

No

Q186. Give the name of the third-party person or group:

Torchlight Academy Schools, LLC

Q187. Fees provided to the third-party person or group:

None: See management agreement



15. Application Fee

Pursuant to G.S. 115C-218.1(c) the charter school applicant must submit a \$1000 application fee to the Office of Charter Schools. The applicant must submit their application fee by **July 24, 2020 at 5:00 pm EST** for Fast Track and Accelerated applications, and **July 24, 2020 at 5:00 pm EST** for traditional timeline applications. Payments will be accepted in the form of a certified check. Cash is not accepted.

Q188. ***Application Note:** The applicant must mail the certified check along with the Application Fee Payment Form before or on the due date of July 24, 2020 at 5:00 pm EST for Fast Track and Accelerated applicants, and July 24, 2020 at 5:00 pm EST for traditional timeline applicants. Failure to submit payment by the stipulated timeline to the Office of Charter Schools will deem the application incomplete. Payments should be made payable to North Carolina Department of Public Instruction:

North Carolina Department of Public Instruction


Office of Charter Schools

6307 Mail Service Center

Raleigh, NC 27699-6307

I understand

Evidence :


New Generation_fee-payment-f...



16. Signature page

Q189. Fill out the attached resource and get it signed and notarized. Then upload as a PDF or image file.

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :



Q190. Complete

I have finished the application

* Q191. Outline the board's procedures for hiring and dismissing school personnel, including conducting criminal background checks.

The Board will develop a policy and procedure which delegate the duty of conducting a background check to the school administrator. The school administrator will have authority to terminate employees subject to appeal to the full Board. The school administrator (school leader) will report directly to the board of directors.

Enrollment Projections Year 1 through Year 5

In the following tables, please list for each year and grade level, the numbers of students that the school reasonably expects to enroll. In addition, please indicate any plans to increase the grade levels offered by the school over time and be sure these figures match those on the initial cover page.

The numbers in the following tables are projections, or estimates, and do not bind the State to fund the school at any particular level.

LEA #1: 640-Nash	What percentage of students from the LEA selected above will qualify for EC funding?	13%
LEA #2: 330-Edgecombe	What percentage of students from the LEA selected above will qualify for EC funding?	13%
LEA #3:	What percentage of students from the LEA selected above will qualify for EC funding?	

Grade	Year 1			Year 2			Year 3			Year 4			Year 5		
	LEA #1	LEA #2	LEA #3	LEA #1	LEA #2	LEA #3	LEA #1	LEA #2	LEA #3	LEA #1	LEA #2	LEA #3	LEA #1	LEA #2	LEA #3
	640	330		640	330		640	330		640	330		640	330	
Kindergarten	46	0	0	46	0	0	46	0	0	46	0	0	46	0	0
Grade 1	46	0	0	46	0	0	46	0	0	46	0	0	46	0	0
Grade 2	46	0	0	46	0	0	46	0	0	46	0	0	46	0	0
Grade 3	46	0	0	46	0	0	46	0	0	46	0	0	46	0	0
Grade 4	46	0	0	46	0	0	46	0	0	46	0	0	46	0	0
Grade 5				46	0	0	46	0	0	46	0	0	46	0	0
Grade 6							46	0	0	46	0	0	46	0	0
Grade 7										46	0	0	46	0	0
Grade 8													46	0	0
Grade 9															
Grade 10															
Grade 11															
Grade 12															

LEA Totals:	230	0	0	276	0	0	322	0	0	368	0	0	414	0	0
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For the first two years the State will fund the school up to the maximum projected enrollment for each of those years as set forth and approved in the projected enrollment tables. However, in subsequent years, the school may increase its enrollment only as permitted by NCGS 115C-218.7(b).

Budget: Revenue Projections from each LEA Year 1

State Funds: Charter schools receive an equivalent amount per student as the local education agency (LEA) receives per student receives from the State. Funding is based on the 1st month average daily membership.

In year 1: Base state allotments are determined by the LEA in which the student resides.

In year 2 and Beyond: Base State allotments are determined by the LEA in which the school is located.

Local Funds: Charter schools receive a per pupil share of the local current expense of the LEA in which the student resides.

State EC Funds: Charter schools receive a per pupil share of state funds per student with disabilities (school-aged 5 through 21). Funds are limited to 12.75% of the local education agency's average daily membership (ADM).

Federal EC Funds: Charter schools must qualify and apply for the individual federal grants based on their population of students.

REFER TO RESOURCE GUIDE FOR ADDITIONAL INFORMATION AND SOURCE DOCUMENTS

LEA #1:		640-Nash		
Revenue	Approximate Per Pupil Funding	Projected LEA ADM	Approximate funding for Year 1	
State Funds	\$5,801.61	230	\$1,334,370.30	
Local Funds	\$1,445.00	230	\$332,350.00	
State EC Funds	\$3,894.95	29	\$114,219.41	
Federal EC Funds	\$1,514.35	29	\$44,408.31	
Total:			\$1,825,348.02	

LEA #2:		330-Edgecombe		
Revenue	Approximate Per Pupil Funding	Projected LEA ADM	Approximate funding for Year 1	
State Funds	\$6,408.21	0	\$0.00	
Local Funds	\$2,314.00	0	\$0.00	
State EC Funds	\$4,464.16	0	\$0.00	
Federal EC Funds	\$1,514.35	0	\$0.00	
Total:			\$0.00	

LEA #3:				
Revenue	Approximate Per Pupil Funding	Projected LEA ADM	Approximate funding for Year 1	
State Funds				
Local Funds				
State EC Funds				
Federal EC Funds				
Total:			\$0.00	

Total Budget: Revenue Projections Year 1 through Year 5

All per pupil amounts are from the most current information and would be approximations for Year 1.

Federal funding is based upon the number of students enrolled who qualify. The applicant should use caution when relying on federal funding in year one to meet budgetary goals.

These revenue projection figures do NOT guarantee the charter school would receive this amount of funding in Year 1.

For local funding amounts, applicants will need to contact their local offices or LEA.

Income: Revenue Projections	Year 1	Year 2	Year 3	Year 4	Year 5
State ADM Funds	\$ 1,334,370	\$ 1,601,244	\$ 1,868,118	\$ 2,134,992	\$ 2,401,867
Local Per Pupil Funds	\$ 332,350	\$ 398,820	\$ 465,290	\$ 531,760	\$ 598,230
State EC Funds	\$ 114,219	\$ 137,063	\$ 159,907	\$ 182,751	\$ 205,595
Federal EC Funds	-	\$ 44,408	\$ 62,172	\$ 71,053	\$ 79,935
Other Funds*					
Working Capital*					
TOTAL REVENUE:	\$ 1,780,940	\$ 2,181,536	\$ 2,555,487	\$ 2,920,557	\$ 3,285,626

*All budgets should balance indicating strong budgetary skills. Any negative fund balances will, more than likely, generate additional questions by those evaluating the application. If the applicant is depending on other funding sources or working capital to balance the operating budget, please provide documentation such as signed statements from donors, foundations, bank documents, etc., on the commitment of these funds. If these figures are loans, the repayment needs to be explained in the narrative and found within the budget projections.

Assurances are needed to confirm the commitment of these additional sources of revenue. Please include these as Appendix M.

Personnel Budget: Expenditure Projections

Budget Expenditure Projections	Year 1			Year 2			Year 3			Year 4			Year 5		
	Number of Staff	Average Salary	Total Salary	Number of Staff	Average Salary	Total Salary	Number of Staff	Average Salary	Total Salary	Number of Staff	Average Salary	Total Salary	Number of Staff	Average Salary	Total Salary
Administrative & Support Personnel															
Lead Administrator	1	\$ 55,000	\$ 55,000	1	\$ 56,650	\$ 56,650	1	\$ 58,349	\$ 58,349	1	\$ 60,099	\$ 60,099	1	\$ 61,902	\$ 61,902
Assistant Administrator			\$ -	1	\$ 41,200	\$ 41,200	1	\$ 42,436	\$ 42,436	1	\$ 43,709	\$ 43,709	1	\$ 45,020	\$ 45,020
Finance Officer			\$ -	1	\$ 30,900	\$ 30,900	1	\$ 31,827	\$ 31,827	1	\$ 32,781	\$ 32,781	1	\$ 33,765	\$ 33,765
Clerical	2	\$ 25,000	\$ 50,000	2	\$ 25,750	\$ 51,500	2	\$ 26,522	\$ 53,044	2	\$ 27,318	\$ 54,636	2	\$ 28,137	\$ 56,274
Food Service Staff			\$ -	1	\$ 25,750	\$ 25,750	1	\$ 26,522	\$ 26,522	1	\$ 27,318	\$ 27,318	1	\$ 28,137	\$ 28,137
Custodians			\$ -	1	\$ 32,960	\$ 32,960	1	\$ 33,948	\$ 33,948	1	\$ 34,967	\$ 34,967	1	\$ 36,016	\$ 36,016
Transportation Staff			\$ -	1	\$ 27,810	\$ 27,810	1	\$ 28,644	\$ 28,644	1	\$ 29,503	\$ 29,503	1	\$ 30,388	\$ 30,388
			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
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			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Total Admin and Support:	3		\$ 105,000	8		\$ 266,770	8		\$ 274,770	8		\$ 283,013	8		\$ 291,502
Instructional Personnel															
Core Content Teacher(s)	12	\$ 40,000	\$ 480,000	14	\$ 41,200	\$ 576,800	16	\$ 42,436	\$ 678,976	18	\$ 43,709	\$ 786,762	20	\$ 45,020	\$ 900,400
Electives/Specialty Teacher(s)	2	\$ 37,000	\$ 74,000	2	\$ 38,110	\$ 76,220	2	\$ 39,253	\$ 78,506	3	\$ 40,430	\$ 121,290	3	\$ 41,643	\$ 124,929
Exceptional Children Teacher(s)	1	\$ 40,000	\$ 40,000	1	\$ 41,200	\$ 41,200	2	\$ 42,436	\$ 84,872	2	\$ 43,709	\$ 87,418	3	\$ 45,020	\$ 135,060
Instructional Support	2	\$ 32,000	\$ 64,000	2	\$ 32,960	\$ 65,920	2	\$ 33,948	\$ 67,896	3	\$ 34,967	\$ 104,901	3	\$ 36,016	\$ 108,048
Teacher Assistants			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
ELL Teacher(s)	1	\$ 33,000	\$ 33,000		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Substitute Teachers	1	\$ 20,000	\$ 20,000		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
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			\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Total Instructional Personnel:	19		\$ 711,000	19		\$ 760,140	22		\$ 910,250	26		\$ 1,100,371	29		\$ 1,268,437
Total Admin, Support and Instructional Personnel:	22		\$ 816,000	27		\$ 1,026,910	30		\$ 1,185,020	34		\$ 1,383,384.00	37		\$ 1,559,939

Benefits	Year 1			Year 2			Year 3			Year 4			Year 5		
	Number of Staff	Cost Per	Total	Number of Staff	Cost Per	Total	Number of Staff	Cost Per	Total	Number of Staff	Cost Per	Total	Number of Staff	Cost Per	Total
Administrative & Support Benefits															
Health Insurance	3	\$ 4,800	\$ 14,400	8	\$ 412	\$ 3,296	8	\$ 424	\$ 3,392	8	\$ 437	\$ 3,496	8	\$ 450	\$ 3,600
Retirement Plan--NC State		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Retirement Plan--Other	3	\$ 2,000	\$ 6,000	8	\$ 1,333	\$ 10,664	8	\$ 1,373	\$ 10,984	8	\$ 1,415	\$ 11,320	8	\$ 1,457	\$ 11,656
Life Insurance		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Disability		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Medicare	3	\$ 1,000	\$ 3,000	8	\$ 666	\$ 5,328	8	\$ 686	\$ 5,488	8	\$ 706	\$ 5,648	8	\$ 729	\$ 5,832
Social Security	3	\$ 3,500	\$ 10,500	8	\$ 1,333	\$ 10,664	8	\$ 1,373	\$ 10,984	8	\$ 1,415	\$ 11,320	8	\$ 1,457	\$ 11,656
		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
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		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Total Admin and Support Benefits:			\$ 33,900			\$ 29,952			\$ 30,848			\$ 31,784			\$ 32,744
Instructional Personnel Benefits															
Health Insurance	19	\$ 4,800	\$ 91,200	19	\$ 412	\$ 7,828	22	\$ 424	\$ 9,328	26	\$ 437	\$ 11,362	29	\$ 450	\$ 13,050
Retirement Plan--NC State		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Retirement Plan--Other	19	\$ 2,000	\$ 38,000	19	\$ 1,587	\$ 30,153	22	\$ 1,634	\$ 35,948	26	\$ 1,683	\$ 43,758	29	\$ 1,734	\$ 50,286
Social Security		\$ -	\$ -	19	\$ 2,777	\$ 52,763	22	\$ 2,861	\$ 62,942	26	\$ 2,947	\$ 76,622	29	\$ 3,035	\$ 88,015
Disability		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Medicare	19	\$ 1,000	\$ 19,000	19	\$ 793	\$ 15,067	22	\$ 816	\$ 17,952	26	\$ 841	\$ 21,866	29	\$ 866	\$ 25,114
Life Insurance	19	\$ 3,500	\$ 66,500		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
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		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -
Total Instructional Personnel Benefits:			\$ 214,700			\$ 105,811			\$ 126,170			\$ 153,608			\$ 176,465
Total Personnel Benefits:			\$ 248,600			\$ 135,763			\$ 157,018			\$ 185,392			\$ 209,209
Total Admin & Support Personnel (Salary & Benefits):	3		\$ 138,900	8		\$ 296,722	8		\$ 305,618	8		\$ 314,797.00	8		\$ 324,246
Total Instructional Personnel (Salary & Benefits):	19		\$ 925,700	19		\$ 865,951	22		\$ 1,036,420	26		\$ 1,253,979	29		\$ 1,444,902
TOTAL PERSONNEL:	22		\$ 1,064,600	27		\$ 1,162,673	30		\$ 1,342,038	34		\$ 1,568,776	37		\$ 1,769,148

*The personnel list below may be amended to meet the staffing of individual charter schools; This list should align with the projected staff located in the Operations Plan.

Operations Budget: Expenditure Projections

The following list of expenditure items is presented as an example. Applicants should modify to meet their needs.

OPERATIONS BUDGET: Administrative and Support		Year 1	Year 2	Year 3	Year 4	Year 5
Office						
Office Supplies	\$	4,000.00	\$ 4,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Paper	\$	2,000.00	\$ 2,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Computers & Software	\$	5,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Communications & Telephone	\$	2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00
Copier leases	\$	2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Management Company						
Contract Fees	\$	69,629.00	\$ 85,176.00	\$ 99,751.00	\$ 114,001.00	\$ 128,251.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Professional Contract						
Legal Counsel	\$	2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
Student Accounting	\$	20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Financial	\$	20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
EC Related Services	\$	25,000.00	\$ 25,000.00	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Facilities						
Facility Lease/Mortgage	\$	120,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00
Maintenance	\$	10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Custodial Supplies	\$	6,000.00	\$ 6,000.00	\$ 8,000.00	\$ 8,000.00	\$ 10,000.00

Custodial Contract	\$ 20.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Insurance (pg19)	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Other	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Utilities					
Electric	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
Gas					
Water/Sewer	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Trash	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Other	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Transportation					
Buses	\$ 175,000.00	\$ 175,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Gas	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00
Oil/Tires & Maintenance	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Other	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Transportation Contract	\$ 30,000.00				
Other					
Marketing	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Child nutrition	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Travel	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00
Other	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Total Administrative & Support Operations:	\$ 643,449.00	\$ 634,976.00	\$ 688,551.00	\$ 703,801.00	\$ 725,051.00

OPERATIONS BUDGET: Instructional		Year 1	Year 2	Year 3	Year 4	Year 5
Classroom Technology						
Software	\$	3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Student Computers	\$	18,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Instructional Contract						
Staff Development	\$	15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Books and Supplies						
Instructional Materials	\$	10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Curriculum/Texts	\$	10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Copy Paper	\$	10,000.00	\$ 10,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Testing Supplies	\$	8,000.00	\$ 8,000.00	\$ 10,000.00	\$ 10,000.00	\$ 12,000.00
Other	\$	1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Total Instructional Operations:	\$	57,000.00	\$ 57,000.00	\$ 61,000.00	\$ 61,000.00	\$ 63,000.00
TOTAL OPERATIONS:						
	\$	700,449.00	\$ 691,976.00	\$ 749,551.00	\$ 764,801.00	\$ 788,051.00

**Applicants may amend this table and the position titles to fit their Education and Operations Plans.*

Overall Budget

SUMMARY	Logic	Year 1	Year 2	Year 3	Year 4	Year 5
Total Personnel	J	\$ 1,064,600.00	\$ 1,162,673.00	\$ 1,342,038.00	\$ 1,568,776.00	\$ 1,769,148.00
Total Operations	M	\$ 700,449.00	\$ 691,976.00	\$ 749,551.00	\$ 764,801.00	\$ 788,051.00
Total Expenditures	N = J + M	\$ 1,765,049.00	\$ 1,854,649.00	\$ 2,091,589.00	\$ 2,333,577.00	\$ 2,557,199.00
Total Revenue	Z	\$ 1,780,939.71	\$ 2,181,535.96	\$ 2,555,487.23	\$ 2,920,556.84	\$ 3,285,626.44
Surplus / (Deficit)	= Z - N	\$ 15,890.71	\$ 326,886.96	\$ 463,898.23	\$ 586,979.84	\$ 728,427.44

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
▶ Do not enter social security numbers on this form as it may be made public
▶ Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2017
Open to Public Inspection

A For the 2017 calendar year, or tax year beginning 07-01-2017, and ending 06-30-2018

- B** Check if applicable
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization
Northeast Raleigh Charter Academy

Doing business as

Number and street (or P O box if mail is not delivered to street address) Room/suite
3211 Bramer Drive

City or town, state or province, country, and ZIP or foreign postal code
Raleigh, NC 27604

D Employer identification number
56-2160665

E Telephone number
(919) 850-9960

G Gross receipts \$ 5,101,683

F Name and address of principal officer
DONNIE MCQUEEN
3211 Bramer Drive
Raleigh, NC 27604

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ www.torchlightacademy.org

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1999 **M** State of legal domicile NC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
OPERATE A PUBLIC CHARTER SCHOOL

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	7
4 Number of independent voting members of the governing body (Part VI, line 1b)	7
5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	10
6 Total number of volunteers (estimate if necessary)	28
7a Total unrelated business revenue from Part VIII, column (C), line 12	0
7b Net unrelated business taxable income from Form 990-T, line 34	

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	5,006,580	4,706,299
9 Program service revenue (Part VIII, line 2g)		392,101
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		0
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	71,258	3,283
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,077,838	5,101,683
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	270,856	2,003,121
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	5,017,613	3,075,530
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	5,288,469	5,078,651
19 Revenue less expenses Subtract line 18 from line 12	-210,631	23,032

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	368,133	319,079
21 Total liabilities (Part X, line 26)	110,715	38,629
22 Net assets or fund balances Subtract line 21 from line 20	257,418	280,450

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer: _____ Date: 2019-02-03

PAM BANKS-LEE CHAIR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name DARRELL L KELLER	Preparer's signature DARRELL L KELLER	Date 2019-04-02	Check <input type="checkbox"/> if self-employed	PTIN P00153428
Firm's name ▶ Darrell L Keller CPA PA			Firm's EIN ▶	
Firm's address ▶ PO Box 1028 Kings Mountain, NC 28086			Phone no (704) 739-0771	

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

Operate a public charter school

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 3,268,831 including grants of \$) (Revenue \$ 5,101,683)
See Additional Data

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 3,268,831

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		No
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		No
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		No
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		No
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		No
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		No
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		No
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		No
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		No
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		No
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		No
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		No
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		No
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		No
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>		No
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		No
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		No
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		No
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V []

Table with columns for question ID, question text, and Yes/No response boxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, charitable contributions, and organizational details.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year; 1b Enter the number of voting members included in line 1a, above, who are independent; 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?; 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Did the organization have members or stockholders?; 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following; 8a The governing body?; 8b Each committee with authority to act on behalf of the governing body?; 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates?; 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?; 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13; 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done; 13 Did the organization have a written whistleblower policy?; 14 Did the organization have a written document retention and destruction policy?; 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?; 15a The organization's CEO, Executive Director, or top management official; 15b Other officers or key employees of the organization; 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?; 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

Table with 3 columns: Question, Yes, No. Rows include: 17 List the States with which a copy of this Form 990 is required to be filed; 18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply; 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year; 20 State the name, address, and telephone number of the person who possesses the organization's books and records.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

Table with 6 main columns: (A) Name and Title, (B) Average hours per week, (C) Position (Individual trustee or director, Institutional Trustee, Officer, Key employee, Highest compensated employee, Former), (D) Reportable compensation from the organization, (E) Reportable compensation from related organizations, (F) Estimated amount of other compensation.

Summary rows: 1b Sub-Total, 1c Total from continuation sheets to Part VII, Section A, 1d Total (add lines 1b and 1c)

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization. 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization?

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Table with 3 columns: (A) Name and business address, (B) Description of services, (C) Compensation.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns . . .	1a					
	b Membership dues . . .	1b					
	c Fundraising events . . .	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	4,703,837				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	2,462				
	g Noncash contributions included in lines 1a-1f \$ _____						
	h Total. Add lines 1a-1f		4,706,299				
Program Service Revenue		Business Code					
	2a Food Services	900099	392,101				
	b _____						
	c _____						
	d _____						
	e _____						
	f All other program service revenue						
g Total. Add lines 2a-2f		392,101					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)						
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(i) Real	(ii) Personal				
		b Less rental expenses					
		c Rental income or (loss)					
		d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b Less cost or other basis and sales expenses					
		c Gain or (loss)					
		d Net gain or (loss)					
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
		b Less direct expenses	b				
		c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19	a					
b Less direct expenses		b					
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances	a						
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue	Business Code						
11a Student activities	900099	3,283	3,283				
b _____							
c _____							
d All other revenue							
e Total. Add lines 11a-11d		3,283					
12 Total revenue. See Instructions		5,101,683	395,384				

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21.				
2 Grants and other assistance to domestic individuals. See Part IV, line 22.				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, line 15 and 16.				
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages.	1,824,543	1,795,643	28,900	0
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions).	7,694	7,694	0	0
9 Other employee benefits.	61,952	45,799	16,153	0
10 Payroll taxes.	108,932	108,932	0	0
11 Fees for services (non-employees)				
a Management.				
b Legal.	5,250	0	5,250	0
c Accounting.	6,250	0	6,250	0
d Lobbying.				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12 Advertising and promotion.	40,445	0	40,445	0
13 Office expenses.	37,184	34,675	2,509	0
14 Information technology.	995	0	995	0
15 Royalties.				
16 Occupancy.	512,573	0	512,573	0
17 Travel.				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	75,292	75,292	0	0
20 Interest.				
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	38,149	25,917	12,232	0
23 Insurance.	30,882	0	30,882	0
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Food Purchases.	158,018	2,134	155,884	0
b Books and Supplies.	96,378	49,735	46,643	0
c Contracted Services.	1,613,419	1,112,380	501,039	0
d Rentals/Leases.	10,630	10,630	0	0
e All other expenses.	450,065	0	450,065	0
25 Total functional expenses. Add lines 1 through 24e.	5,078,651	3,268,831	1,809,820	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	114,399	1	210,878
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	130,850	4	23,466
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	416,742		
	b Less accumulated depreciation	332,007		
		122,884	10c	84,735
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
15 Other assets See Part IV, line 11		15		
16 Total assets. Add lines 1 through 15 (must equal line 34)	368,133	16	319,079	
Liabilities	17 Accounts payable and accrued expenses	110,715	17	38,629
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	110,715	26	38,629
Net Assets or Fund Balances	27 Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. Unrestricted net assets	134,534	27	195,715
	28 Temporarily restricted net assets	122,884	28	84,735
	29 Permanently restricted net assets		29	
	30 Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	257,418	33	280,450
	34 Total liabilities and net assets/fund balances	368,133	34	319,079

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	5,101,683
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,078,651
3	Revenue less expenses Subtract line 2 from line 1	3	23,032
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	257,418
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	280,450

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a		No
b Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2b	Yes	
c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c		No
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID: 17005306

Software Version:

EIN: 56-2160665

Name: Northeast Raleigh Charter Academy

Form 990 (2017)

Form 990, Part III, Line 4a:

OPERATE A PUBLIC CHARTER SCHOOL FOR THE EDUCATION OF CHILDREN IN THE COMMUNITY

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.

2017

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization
Northeast Raleigh Charter Academy

Employer identification number

56-2160665

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 12, check only one box)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ))
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An agricultural research organization described in **170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture See instructions Enter the name, city, and state of the college or university _____
- 10 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
- 11 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
 - f Enter the number of supported organizations _____
 - g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv), 170(b)(1)(A)(vi), and 170(b)(1)(A)(ix)

(Complete only if you checked the box on line 5, 7, 8, or 9 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►		(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grant")						
2	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3	The value of services or facilities furnished by a governmental unit to the organization without charge						
4	Total. Add lines 1 through 3						
5	The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6	Public support. Subtract line 5 from line 4						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ►		(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
11	Total support. Add lines 7 through 10						
12	Gross receipts from related activities, etc (see instructions)					12	

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14	Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f))	14	0 %
15	Public support percentage for 2016 Schedule A, Part II, line 14	15	

- 16a 33 1/3% support test—2017.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ►
- b 33 1/3% support test—2016.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ►
- 17a 10%-facts-and-circumstances test—2017.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ►
- b 10%-facts-and-circumstances test—2016.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ►
- 18 Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ►

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►		(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2	Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3	Gross receipts from activities that are not an unrelated trade or business under section 513						
4	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5	The value of services or facilities furnished by a governmental unit to the organization without charge						
6	Total. Add lines 1 through 5						
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons						
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c	Add lines 7a and 7b						
8	Public support. (Subtract line 7c from line 6)						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ►		(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
9	Amounts from line 6						
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c	Add lines 10a and 10b						
11	Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12	Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13	Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15	Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f))	15	0 %
16	Public support percentage from 2016 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f))	17	0 %
18	Investment income percentage from 2016 Schedule A, Part III, line 17	18	

19a 33 1/3% support tests—2017. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2016. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

		Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
	5a		
b	Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
	5b		
c	Substitutions only. Was the substitution the result of an event beyond the organization's control?		
	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
	9b		
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer line 10b below.		
	10a		
b	Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		
	10b		

Part IV Supporting Organizations (continued)

		Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?		
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b	A family member of a person described in (a) above?		
c	A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI</i>		

Section B. Type I Supporting Organizations

		Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.</i>		

Section C. Type II Supporting Organizations

		Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		

Section D. All Type III Supporting Organizations

		Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization (s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		

Section E. Type III Functionally-Integrated Supporting Organizations

1	Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)		
a	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2	Activities Test Answer (a) and (b) below.		
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
3	Parent of Supported Organizations Answer (a) and (b) below.		
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
b	Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1** Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI)		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2017 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2017	(iii) Distributable Amount for 2017
1 Distributable amount for 2017 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2017 (reasonable cause required-- explain in Part VI) See instructions			
3 Excess distributions carryover, if any, to 2017			
a			
b From 2013.			
c From 2014.			
d From 2015.			
e From 2016.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2017 distributable amount			
i Carryover from 2012 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2017 from Section D, line 7			
\$			
a Applied to underdistributions of prior years			
b Applied to 2017 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2017, if any Subtract lines 3g and 4a from line 2 If the amount is greater than zero, explain in Part VI See instructions			
6 Remaining underdistributions for 2017 Subtract lines 3h and 4b from line 1 If the amount is greater than zero, explain in Part VI See instructions			
7 Excess distributions carryover to 2018. Add lines 3j and 4c			
8 Breakdown of line 7			
a Excess from 2013.			
b Excess from 2014.			
c Excess from 2015.			
d Excess from 2016.			
e Excess from 2017.			

Additional Data

Software ID: 17005306

Software Version:

EIN: 56-2160665

Name: Northeast Raleigh Charter Academy

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10, Part II, line 17a or 17b, Part III, line 12, Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c, Part IV, Section B, lines 1 and 2, Part IV, Section C, line 1, Part IV, Section D, lines 2 and 3, Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b, Part V, line 1, Part V, Section B, line 1e, Part V Section D, lines 5, 6, and 8, and Part V, Section E, lines 2, 5, and 6 Also complete this part for any additional information (See instructions)

Facts And Circumstances Test

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements
▶ Complete if the organization answered "Yes," on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2017
Open to Public Inspection

Name of the organization
Northeast Raleigh Charter Academy

Employer identification number
56-2160665

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e g , recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year	
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a** Public exhibition
 - b** Scholarly research
 - c** Preservation for future generations
 - d** Loan or exchange programs
 - e** Other
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table
- | | Amount |
|--|--------|
| c Beginning balance | |
| d Additions during the year | |
| e Distributions during the year | |
| f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b** If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as
- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages on lines 2a, 2b, and 2c should equal 100%
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- | | Yes | No |
|--|---------------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		149,891	71,678	78,213
d Equipment		266,851	260,329	6,522
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) . . . ▶				84,735

Part VII Investments—Other Securities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	▶	

Part VIII Investments—Program Related. Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)	▶	

Part IX Other Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15)	▶

Part X Other Liabilities. Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
1. Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	▶

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	5,101,683
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	5,101,683
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	5,101,683

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	5,078,651
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	5,078,651
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	5,078,651

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation	
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Part XIII **Supplemental Information (continued)**

Return Reference	Explanation
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SCHEDULE E
(Form 990 or 990-EZ)

Schools

OMB No 1545-0047

2017

Open to Public Inspection

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 13, or Form 990-EZ, Part VI, line 48.**

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Information about Schedule E (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

Department of the Treasury

Name of the organization

Northeast Raleigh Charter Academy

Employer identification number

56-2160665

Part I

	YES	NO
1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	Yes	
2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	Yes	
3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space use Part II.	Yes	
4 Does the organization maintain the following?		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	Yes	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	Yes	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	Yes	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. If you need more space, use Part II.	Yes	
5 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?		No
b Admissions policies?		No
c Employment of faculty or administrative staff?		No
d Scholarships or other financial assistance?		No
e Educational policies?		No
f Use of facilities?		No
g Athletic programs?		No
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. If you need more space, use Part II.		No
6a Does the organization receive any financial aid or assistance from a governmental agency?	Yes	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either line 6a or line 6b, explain on Part II.		No
7 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," explain on Part II.	Yes	

Part II Supplemental Information. Provide the explanations required by Part I, lines 3, 4d, 5h, 6b, and 7, as applicable. Also provide any other additional information (see instructions).

Return Reference	Explanation
Line 3	THE POLICY IS INCLUDED IN ALL PRINT MATERIAL, INCLUDING ANY NEWSPAPER ADVERTISEMENTS EXPLANATION PROVIDED ON PAGE 1
Line 6b	FEDERAL GRANTS AS AWARDED ANNUALLY

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2017

Open to Public Inspection

Complete if the organization answered "Yes" on Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a

Attach to Form 990 or Form 990-EZ.

Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization Northeast Raleigh Charter Academy

Employer identification number

56-2160665

Part I Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply. a Mail solicitations, b Internet and email solicitations, c Phone solicitations, d In-person solicitations, e Solicitation of non-government grants, f Solicitation of government grants, g Special fundraising events. 2a Did the organization have a written or oral agreement with any individual... 2b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements...

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions?, (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization. Includes a Total row at the bottom.

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d)
		Vehicle Sales (event type)	(event type)	(total number)	Total events (add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
		1 Gross revenue			
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Subtract line 7 from line 1, column (d) ▶				

9 Enter the state(s) in which the organization conducts gaming activities _____

a Is the organization licensed to conduct gaming activities in each of these states? Yes No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain _____

- 11** Does the organization conduct gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No
- 13** Indicate the percentage of gaming activity conducted in

a	The organization's facility	%
b	An outside facility	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No

- b** If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____
- c** If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

Director/officer Employee Independent contractor

17 Mandatory distributions

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No
- b** Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information (see instructions).

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue ServiceName of the organization
Northeast Raleigh Charter Academy**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047

2017**Open to Public
Inspection**

Employer identification number

56-2160665

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 15b	Compared to other charter schools and if budget can work

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 11b	The Executive Director and Board review prior to filing

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 12c	Board members sign Conflict of Interest annually

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 15a	Compared to other charter schools and if budget can work

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part IX, Line 24e	Student Transportation 371189 0 371189 0

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part IX, Line 24e	Repair Parts/Material 63876 0 63876 0

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part IX, Line 24e	Non-Cap Equipment 15000 0 15000 0

INSURANCE PEOPLE

Below are the estimated annual premiums: **New Generation Academy**

Property Premium Estimate **\$450**

Contents	\$150,000
Deductible	\$1,000
Form	Special
Equipment Breakdown	Included

General Liability Premium Estimate **\$1,368**

Rating Basis:	Students	200
	Faculty	22

Limits:

Per Occurrence Limit	\$1,000,000
Annual Aggregate	\$3,000,000
Sexual Abuse & Molestation	\$1,000,000 per occurrence \$3,000,000 aggregate
Employee Benefits	\$1,000,000 per occurrence \$3,000,000 aggregate

School District & Educators Legal Liability (D&O/ E&O)

Premium Estimate **\$3,057**

	\$1,000,000 per occurrence
	\$2,000,000 aggregate
Additional Defense	\$100,000/\$50,000/\$100,000

Named insured includes the insured Organization (School Entity), it's school board, School Committee, Board of Trustees, Board of Governors or similar governing body, elected or appointed members of the Board of Education, Board of Trustees, School Directors, School Committee, Board of Governors or similar governing board, Employees, Student Teachers, School Volunteers, and students while serving in a supervised internship program sponsored by the "educational institution".

Wrongful Act to include any actual or alleged act, error, omission, misstatement, misleading statement, neglect, or breach of duty by or on behalf of the Insured Organization, including educational malpractice or failure to educate, negligent instruction, failure to supervise, inadequate or negligent academic guidance of counseling, improper or inappropriate academic placement or discipline.

INSURANCE PEOPLE

Fidelity Bond Estimate		\$332
Limit	\$250,000	
Auto Premium Estimate		\$181
Hired & Non Owned Autos Only		
Limit of Liability	\$1,000,000	
Head of Class Endorsement		\$82
Workers Compensation Premium Estimate		\$5,692
Statutory State - NC		
Employers Liability	\$500/ \$500/ \$500	
Payroll Estimate	\$947,000	
Umbrella Premium Estimate		\$2,387
Limit of Liability	\$1,000,000	
TOTAL ESTIMATED PREMIUM		\$13,549
Student Accident Coverage		\$7.00/ student

These premiums are subject to change based on Underwriter review and approval of completed applications.

Disclaimer: The abbreviated outlines of coverages used throughout this proposal are not intended to express legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverages. The policy terms, conditions, and exclusions will prevail. Please read the policy forms for specific details of coverage

07/20/2020



Department of the Secretary of State

To all whom these presents shall come, Greetings:

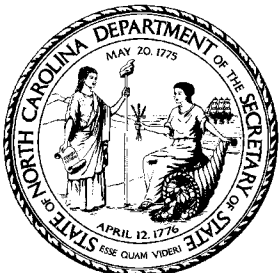
I, Elaine F. Marshall, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

NEW GENERATION CHARTER ACADEMY

the original of which was filed in this office on the 25th day of July, 2019.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 25th day of July, 2019.

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: NEW GENERATION CHARTER ACADEMY

2. (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).

3. The name of the initial registered agent is: Torchlight Academy Schools, LLC

4. The street address and county of the initial registered agent's office of the corporation is:

Number and Street: 105 Star Street

City: Raleigh State: NC Zip Code: 27610 County: Wake

The mailing address *if different from the street address* of the initial registered agent's office is:

Number and Street or PO Box: P.O. Box 19191

City: Raleigh State: NC Zip Code: 27619 County: Wake

5. The name and address of each incorporator is as follows:

Name	Address
<u>Torchlight Academy Schools, LLC</u>	<u>P.O. Box 19191, Raleigh, NC 27619</u>

6. (Check either "a" or "b" below.)

a. The corporation will have members.

b. The corporation will not have members.

7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.

8. Any other provisions which the corporation elects to include are attached.

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: _____

Number and Street: 105 Star Street

City: Raleigh State: NC Zip Code: 27610 County: Wake

The mailing address *if different from the street address* of the principal office is:

Number and Street or PO Box: P.O. Box 19191

City: Raleigh State: NC Zip Code: 27619 County: Wake

10. (Optional): Listing of Officers (See instructions for why this is important)

Name	Address	Title

11. (Optional): Please provide a business e-mail address: Privacy Redaction

The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

12. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 19th day of July, 2019.

Torchlight Academy Schools, LLC

Incorporator Business Entity Name

Adam Ezell

Signature of Incorporator

Adam Ezell, Representative

Type or print Incorporator's name and title, if any

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

BUSINESS REGISTRATION DIVISION
(Revised August, 2017)

P. O. BOX 29622

RALEIGH, NC 27626-0622
Form N-01

Purpose of Corporation

This corporation is organized for the following purpose(s) (*check as applicable*):

- religious,
- charitable,
- educational,
- testing for public safety,
- scientific,
- literary,
- fostering national or international amateur sports competition, and/or
- prevention of cruelty to children or animals,

including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 (herein the "Code") (or the corresponding provisions of any future United States Internal Revenue Code).

Prohibited Activities

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to, its members, directors, officers, or other private persons except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in these articles of incorporation. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Distributions Upon Dissolution

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to federal, state, or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organizations, such as the court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

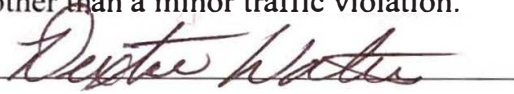
Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Dexter Waters, certify that I **have not** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature 

Date: 7/20/20

I, _____, certify that I **have** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____

Date _____

Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Michael A. Williams, certify that I **have not** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature  Date 7/18/20

I, _____, certify that I **have** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____ Date _____

Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Syvilla Whitaker, certify that I **have not** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature *Syvilla Livingston Whitaker* Date 7/18/20

I, _____, certify that I **have** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____ Date _____

Board Member Background Check

Each member of the founding board must submit a completed background check that meets the following parameters:

- 1) Background check must include a Social Security Trace** (which scans his/her SSN and lists every county/state of residence where that SSN has been used).
- 2) Background check must include any additional aliases that have been used by the individual.**
- 3) Background check must include a completed county level check for any county returned in the Social Security Trace.**
- 4) Background check must include a completed nationwide check.**

Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Nancy McDaniel, certify that I **have not** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature *Nancy McDaniel* Date 7/18/20

I, _____, certify that I **have** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____ Date _____

Board Member Background Check

Each member of the founding board must submit a completed background check that meets the following parameters:

- 1) Background check must include a Social Security Trace** (which scans his/her SSN and lists every county/state of residence where that SSN has been used).
- 2) Background check must include any additional aliases that have been used by the individual.**
- 3) Background check must include a completed county level check for any county returned in the Social Security Trace.**
- 4) Background check must include a completed nationwide check.**

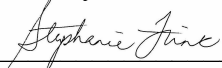
Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Stephanie Frink, certify that I ***have not*** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature  Date 7/22/20

I, _____, certify that I ***have*** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____ Date _____

Board Member Background Check

Each member of the founding board must submit a completed background check that meets the following parameters:

- 1) Background check must include a Social Security Trace** (which scans his/her SSN and lists every county/state of residence where that SSN has been used).
- 2) Background check must include any additional aliases that have been used by the individual.**
- 3) Background check must include a completed county level check for any county returned in the Social Security Trace.**
- 4) Background check must include a completed nationwide check.**

Charter School Board Member Background Check Form

Certification Statement:

Note: To be completed individually by each proposed founding charter school board member. Form must be signed by hand.

If a board member has been convicted of a misdemeanor or felony other than a minor traffic violation, attach a separate sheet listing the year of the charge, the charge, the verdict, and the final disposition.

I, Angela King, certify that I **have not** been convicted of any misdemeanor or felony other than a minor traffic violation.

Signature _____ Date 7/20/20

I, _____, certify that I **have** been convicted of a misdemeanor or felony other than a minor traffic violation.

Signature _____ Date _____

Board Member Background Check

Each member of the founding board must submit a completed background check that meets the following parameters:

- 1) Background check must include a Social Security Trace** (which scans his/her SSN and lists every county/state of residence where that SSN has been used).
- 2) Background check must include any additional aliases that have been used by the individual.**
- 3) Background check must include a completed county level check for any county returned in the Social Security Trace.**
- 4) Background check must include a completed nationwide check.**

**BYLAWS
OF
NEW GENERATION CHARTER ACADEMY**

**ARTICLE I
INTRODUCTION: LEGAL STATUS**

Section 1: Name

The name of the non-profit corporation is NEW GENERATION CHARTER ACADEMY, of Wake County, duly authorized under the statutes of the State of North Carolina.

Section 2: Principal Office

The Principle office of the Corporation is located in Wake County, in the State of North Carolina. The street address of the corporation in Wake County is 105 Star St. Raleigh, NC 27610.

ARTICLE II – Purposes

Section 1: Purposes

The mission of NEW GENERATION CHARTER ACADEMY is as follows:

“To prepare students for the intellectual demands of an ever-changing world.”

ARTICLE III - Board of Directors

Section 1: Powers

The activities, affairs and business of the Corporation shall be conducted by or under the direction of the Board of Directors.

Section 2: Number, Qualifications, Election, and Tenure

- a) The number of directors constituting the Board of Directors shall be no less than five (5) and no more than seven (7).
- b) A person needs to be at least eighteen (18) years old to be qualified as a Director. Paid employees of the Corporation may not serve on the Board of Directors as voting Members.
- c) Any qualified person seeking to become a Director of the NEW GENERATION CHARTER ACADEMY Board will submit an application including a resume and explanation of why he/she is seeking membership to the Board and undergo a criminal background check. When a vacancy or vacancies occur, either by death, resignations, and removal from office, end of term, tenure limit, and/or for any other reason, the remaining

NEW GENERATION CHARTER ACADEMY Board Members will review the applications submitted and elect the applicant(s) seeking to become a member of the NEW GENERATION CHARTER ACADEMY Board of Directors.

- d) The sitting Board Members may conduct interviews with the perspective Board Candidates.
- e) With the exception of the very first planning board, each Director shall hold office for a period of four years. The terms for the initial Board of Directors shall be staggered. One half (1/2) of the members of the first board shall serve a term of four years, and one half (1/2) will serve a term of three years. At the end of these terms, subsequent Directors will serve four-year terms. *(The planning board shall be those individuals in place as the Board of Directors after the incorporation and application for charter as a school. These individuals will serve as the initial Board of Directors. The initial Board of Directors terms shall begin on the first day of July in the year the school is given a charter.)*
- f) Except non-voting employee Directors, no person appointed or elected shall serve more than five (5) consecutive terms. However, each Director shall continue in office until the successor in that office shall have been duly appointed or until the current Director resigns, becomes disqualified, or until that Director is removed.
- g) If due to death, resignation or other disability the Board membership falls below (5) five, resigning members will be released upon the appointment of a replacement member.
- h) All board members and officers of the corporation shall affirm an oath of office to faithfully discharge their duties to the corporation, the governing laws, and the students and families served by the charter school.

Section 3: Ex-Officio Directors

The Chief Executive Officer/School Director of the Corporation (which shall be the appointed representative of the contracted charter/educational management company designated in the school's "Charter") shall, during his or her respective term, serve as an Ex-officio member of the Board of Directors. In addition, there shall be such other Ex-officio Directors as elected by a vote of the Directors then holding office. Each Ex-officio Director, including the School Director, shall be entitled to enter into all deliberations and to receive notice of all meetings, but he or she shall not vote nor be counted in determining the existence of a quorum.

Section 4: Duties

- a) Directors shall perform any and all duties imposed on them collectively and individually by law, the Articles of Incorporation or by these Bylaws. Directors shall stand in a fiduciary relation to the corporation and shall discharge the duties of the respective positions in good faith, and with that diligence and care which reasonably prudent men and women would exercise in similar circumstances and like positions.
- b) Directors shall appoint, remove, and evaluate the Chief Executive Officer (also known as the School Director) of the Corporation. (The Chief Executive Officer or School Director shall be synonymous with the contracted Management Company).
- c) Directors shall conduct an annual self-evaluation(s) to ensure their quality of service to the corporation.
- d) Directors shall meet at such times and places as required by these Bylaws. The Board may consider a director with two consecutive un-excused absences from regular meetings as having resigned.

- e) Directors shall register their addresses with the Secretary of the Corporation.

Section 5: Resignation of Directors

A Director may resign at any time by giving notice in writing to the Chairperson or Secretary of the Corporation. Such resignation shall take effect at the time specified, or if no time is specified, at the time such resignation is received by the Chairperson or Secretary subject to Section 2g).

Section 6: Vacancies

If a vacancy should occur in the Board of Directors by death, resignation, disqualification, or otherwise, the remaining Directors may continue to conduct the Corporation's business. The vacancy will be filled immediately as provided in Section 2c of this Article III. A Director who is chosen in this manner shall hold office for the unexpired portion of the term of the person whom the newly elected Director succeeds. After this period they can seek to remain on the Board thru Section 2 above.

Section 7: Compensation

Directors shall serve without compensation for their services to the Board. Directors may receive reimbursement for expenses associated with board duties.

Section 8: Director's Adverse Interest

If any Director has an adverse interest in a corporate transaction, such Director must make full disclosure to the Board of the adverse interest as soon as such Director knows, or should know of its existence. Upon full disclosure, the Board may approve the transaction only by a good faith vote of a majority of the disinterested Directors present. However, no such transaction may be approved if it would constitute self-dealing prohibited under sections 4941 of the Internal Revenue Code of 1986, or the corresponding provisions of any later federal tax laws, or if it would result in the imposition of any excise tax under any other provision of Chapter 49A of the Internal Revenue Code of 1986, or the corresponding provisions of any later federal tax laws.

Section 9: Certain Director Liability

A Director shall be subject to the liabilities imposed by law upon Directors. In addition, all Directors who vote for or assent to any distribution of assets of the Corporation contrary to any lawful restrictions in the Non-profit Corporation Act of the State of North Carolina, the corporate Charter, or the Bylaws, shall be jointly and severally liable to the Corporation for the amount of such distribution. Furthermore, such liabilities shall not exceed the debts, obligations and liabilities existing at the time of the vote or assent where the Director relied and acted in good faith on financial statements of the Corporation to be correct and to be based on generally accepted principles of sound accounting practice by the Chairperson or the Treasurer, or certified

by an independent public accountant or firm of such accountants to fairly reflect the financial condition of the Corporation.

Section 10: Conflict of Interest

Board members shall be completely objective and free of personal conflict when making decisions on the board. The Board shall adopt and update on an annual basis a separate Conflict of Interest Policy.

Section 11: Removal

Members of the Board of Directors (Member) as defined by Section 2 of this Article III may be removed for cause in accordance with the Board Handbook, by vote of the Board of Directors present at any regular meeting; or at a special meeting of the Board called for that purpose.

ARTICLE IV – MEETINGS

Section 1: Open Meetings

The Board will conduct open meetings within the meaning of the North Carolina General Statutes for open meetings laws for public entities.

Section 2: Regular Meetings

The Board of Directors will meet monthly with the date, time and place being designated by the Chairperson or the Chairperson's designee. One of these meeting shall be the annual meeting (Section 5) of the Board of Directors. The North Carolina open meeting laws will be followed during all meetings of the Board of Directors. The board shall conduct a minimum of eight (8) regular board meetings annually. An annual calendar of regular meetings shall be published each year and noticed to the public.

Section 3: Substitute Regular Meetings

If any regular meeting shall not be held as designated in section 2, above, a substitute meeting may be called by the Chairperson or by two or more of the Directors. This meeting may be designated as a regular meeting and shall be conducted in accordance with N.C. Open Meetings Laws.

Section 4: Special Meetings & Emergency Meetings

The persons authorized to call Special Meetings of the Board are the Chairperson or at least two Directors. All Board Members must be notified not less than ten (10) days in advance of the place and time of a Special Board Meeting, such notice to be made pursuant to Section 6, below. This notice can be waived for any such meeting by signed writing acknowledging actual notice and a desire to meet at an earlier time however such notice must be obtained by all Board members, including non-voting and ex officio members.

Emergency matters regarding natural disaster, war, acts of God, major emergent governance issues and the like may arise and need the full attention of the Board of Directors for the health of the Corporation. For genuine emergency matters which can not wait until the next regular Board meeting the Chairperson (or Vice Chairperson in the absence or unavailability of the Board Chair) can call an emergency meeting to deal only with the emergency matters. A quorum must be present. Notice of an emergency meeting shall be by 24 hours unless the same is waived by all members. All members, including non-voting and ex officio members shall receive actual notice of any emergency meeting.

Section 5: Annual Meeting.

The annual meeting of the Board of Directors shall be held within 3 months after the close of the fiscal year for the purpose of selecting officers, approving financial reports, and to transact any other business as may be specified in the notice of the meeting.

Section 6: Notice of Meetings

Notice of any regular meeting, including the Annual Meeting of the Board of Directors, shall be given to the Board Members at least one-week (seven 7 days) prior thereto. Notice of any special meeting of the Board of Directors shall be given at least ten (10) days prior thereto. All notices shall be in writing delivered personally or sent by mail, email, telegram, or fax to the address of each Director as shown on the records of the Corporation. All meeting of the entire Board shall be noticed to the public on the school's website and/or placed in a local newspaper.

Section 7: Quorum

The presence of a simple majority of the members of the Board of Directors at a meeting duly assembled shall constitute a quorum for the transaction of business. If less than a quorum is present at the time and place of any meeting, the Directors present may adjourn the meeting until a quorum shall be present. Voting members of the board of directors may attend by electric means that are in compliance with open meetings laws.

Section 8: Decision Making

Notwithstanding any provision of these Bylaws to the contrary, requiring consensus, unanimity, or any other percentage of votes by members of the Board, including, without limitation, any vote to amend these Bylaws or to elect or replace a director, decisions of the Board shall be by a majority vote of the directors present and constituting a quorum. In all cases, in the event of a tie, the vote of the Chairperson shall break the tie. The aforementioned provisions shall apply to all decisions of the Board.

Roll Call Voting Process

The Chair shall inquire, prior to the vote, if any member requests the use of the roll call process. The Chairperson may, at their discretion, ask for Roll Call Vote even if no request is made by other members. If no request is made, the vote may be held immediately. Should a

request for Roll Call Vote be made, each member of the board, in sequence, is asked to voice their summary opinion on the issue. Upon conclusion of the Roll Call, the vote shall be taken.

ARTICLE V - Officers

Section 1: Designation of Officers

The Officers of the Board of Directors of this Corporation shall include the Chairman, Vice Chair, Secretary and Treasurer. The Directors may designate and fill other corporate offices as needed. Any two offices or more may be held by one person, except that no person shall occupy the offices of Chairperson, Secretary, and/or Treasurer at the same time. No officer shall sign or execute any document in more than one capacity.

Section 2: Election, Term of Office and Qualifications

Each officer shall be elected by the Board of Directors at the Annual Meeting. These officers shall hold office during the fiscal year after their election. Other officers, as needed, may be appointed in accordance with the provisions of Section 3 of this article and may be elected by the Board at the Annual Meeting.

Section 3: Subordinate Officers and Agents

The Board of Directors may appoint other officers or agents (i.e. Chief Executive Officer/School Director), each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may determine. The Board of Directors may delegate to any officer or agent the authority to appoint any subordinate officer or agent and to prescribe the respective authorities or duties.

Section 4: Duties

Officers shall stand in a fiduciary relation to the Corporation and shall discharge the duties of their respective positions in good faith, and with that diligence and care which reasonably prudent men and women would exercise in similar circumstances and like positions.

Section 5: Removal

The officers specifically designated in Section 1 of this Article V may be removed either with or without cause, by vote of the Board of Directors present at any regular meeting; or at a special meeting of the Board called for that purpose. The officers appointed in accordance with the provisions of Section 3 of this Article may be removed, either with or without cause, by the Board of Directors, by a vote of the Directors present at any meeting. The removal of any person from office shall be done without prejudice to the contract rights, if any, of the person so removed.

Section 6: Resignations

Any officer may resign at any time by giving written notice to the Board of Directors or to the Chairperson or Secretary, or, if that officer was appointed by an officer or agent in accordance with Section 3 of this Article, by giving written notice to the appointing officer or agent.

Section 7: Vacancies

A vacancy in any office because of death, resignation, removal or disqualification, or any other cause, shall be filled for the unexpired portion of the term of such office in the manner prescribed by these Bylaws for regular appointments or elections to such offices.

Section 8: School Director/ Chief Executive Officer

The School Director/Chief Executive Officer (a/k/a: Management Company) shall have general charge of the business and affairs of the corporation and control over its employees. The School Director/Chief Executive Officer shall do and perform such other duties as may be assigned by the Board of Directors, including managing of day-to-day operations. The School Director shall serve an ex-officio member of the Parent Advisory Committee and the Board of Directors as well as work in Partnership with these groups to achieve the mission of the NEW GENERATION CHARTER ACADEMY. The Board shall have ultimate authority in the hiring or discharge of Teachers.

Sections 9: Chairperson

The Chairperson shall have general charge of the business and affairs of the Board of Directors. The Chairperson has the responsibility for conducting meetings. The Chairperson shall perform such other assigned duties as may be assigned by the Board of Directors.

Section 10: Vice-Chairperson

At the request of the Chairperson, or in absence or disability of the Chairperson, the Vice-Chairperson shall perform all the duties of the Chairperson and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson.

Section 11: Secretary

The Secretary (or designee) shall keep the minutes of the meetings of the Board of Directors and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by the law. The Secretary shall be the custodian of the statements, books, records, reports, certificates, and other documents of the Corporation and the seal of the Corporation, and see that the seal is affixed to all documents requiring such seal. The Secretary shall perform all duties and possess all authority incident to the office of Secretary, and such other duties and have such other authority as may be assigned by the Board of Directors. All of said documents and things shall be maintained at the school's principal place of business.

Section 12: Treasurer

The Treasurer shall have supervision over the funds, receipts, disbursements and securities of the corporation and shall serve on the Finance Committee. The Treasurer shall perform such other duties and have such other authority as may be assigned or granted by the Board of Directors. The Treasurer may be required to give a bond for the faithful performance of the duties of the office in such form and amount as the Board of Directors may determine.

Section 13: Duties of Officers may be Delegated

In case of absence of any officer of the corporation or for any other reason that the Board may deem sufficient, the Board may delegate authority of duties of such officer to any other officer or to any Director provided a majority of the entire voting Board of Directors concurs therein.

ARTICLE VI – Committees

Section 1: General

The Board shall have two (2) standing committees – Executive and Finance. Committees shall meet and conduct business between board meetings and make reports and recommendations at board meetings. Each Director shall serve on at least one standing committee. The School Director or his/her assignee shall serve, ex officio, on all Committees of the board.

Section 2: Executive Committee

The members of the Executive Committee shall be the Chairperson of the Board, Vice Chairperson, the Secretary, and the Treasurer. The Executive Committee shall be vested with the powers of the Board, except as to those matters herein specifically requiring an affirmative vote of the entire Board of Directors. The Executive Committee may exercise its powers when the Board is not in session or in the absence of a quorum thereof. A majority of the members of the Executive Committee shall constitute a quorum thereof.

Section 3: Finance Committee

The Chair of the Board shall nominate and the Board of Directors shall elect a Finance Committee. Membership on this committee will not be restricted to the Board of Directors. The Chairperson of the Board of Directors and the School Director shall serve as Ex-officio members of the Finance Committee. The Finance Committee shall supervise the financial affairs of the School and shall make recommendations from time to time in regard to the operating and capital budgets, salaries, and other business affairs.

Section 4: Parent Advisory Committee.

Parents of NEW GENERATION CHARTER ACADEMY students shall form the Parent Advisory Committee and shall nominate and elect its own committee's officers in accordance with Committee By-Laws approved by the corporation's board of directors. The School Director shall serve as an Ex-officio member of the Parent Advisory Committee. The Parent Advisory Committee shall work with the school involving volunteer parental services, fund-raising, school performance, and shall make recommendations from time to time in regard to said affairs. The Parent Advisory Community shall meet monthly with the School Director who shall serve as a liaison to the full board of directors.

Section 5: Additional Committees

The Board of Directors may designate other committees, each of which shall consist of two or more Directors and each of which, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation, but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility or liability imposed upon it or him or her by law. The Chairperson of the Board of Directors and the School Director shall serve as Ex-officio members of such other committees. Membership on such other committees may, but need not be, limited to members of the Board of Directors. Other committees not having and exercising the authority of the Board of Trustees in the management of the Corporation may be designated by the Chairperson of the Board or by resolution adopted by a majority of the Directors present at a meeting at which a quorum is present.

ARTICLE VII – Procedures and Restrictions

Section 1: Contracts

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances. All contracts executed by the Corporation shall contain the mandatory language provided in the N.C. Charter School Act.

Section 2: Loans

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name, unless and except as authorized by the Board of Directors. Any officer or agent of the Corporation thereunto so authorized may effect loans or advances for the Corporation and for such loans and advances may make, execute, and deliver promissory notes, bonds, or other evidences of indebtedness of the Corporation.

Section 3: Deposits

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as the Board of Directors may select, or as may be selected by any officer or agent of the Corporation to whom such power may from time to time be given by the Board of Directors.

Section 4: Checks, Drafts

All notes, drafts, acceptances, checks and endorsements or other evidences of indebtedness shall be signed by the Chairperson or Vice-Chairperson and by the School Director or the Treasurer, or in such other manner as the Board of Directors may determine. Endorsements for deposit to the credit of the Corporation in any of its duly authorized depositories will be made by the School Director or Treasurer or by any officer or agent who may be designated by resolution of the Board of Directors in such manner as such resolution may provide.

Section 5: Gifts

The Board of Directors may accept on behalf of the Corporation any contribution; gift, bequest, or devise for the general purposes or for any special or educational purposes of NEW GENERATION CHARTER ACADEMY

Section 6: Annual Audit

The Board of Directors shall comply with annual audit requirements of the Budget and Fiscal Control Act as required by law.

Section 7: Insurance

The Board of Directors shall maintain insurance with coverages and amounts as required by the N.C. State Board of Education and State Law.

ARTICLE VIII - General Provisions

Section 1: Corporate Seal

The corporate seal shall be in such form as shall be approved by the Board of Directors.

Section 2: Fiscal Year

The fiscal year of the corporation shall be July 1 through June 30.

Section 3: Amendments to Bylaws

These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted at any regular or special meeting upon a vote of the Directors then in office so long as a Board of at least five (5) members remains in place. By-Law changes require a 2/3 majority vote and approval by the NC State Board of Education or its designee. Notice shall be given of the

intention to alter, amend, or repeal or to adopt new By-laws at such meeting at least ten (10) days prior to such meeting in writing delivered personally or sent by mail, e-mail or fax to the address of each Director as shown on the records of the Corporation.

Section 4: Books and Records

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its Board of Directors.

Section 5: Meeting Regulation

All meetings of the Corporation including annual, special, and other shall be governed by the following established group agreements: one person speaks at a time; respect diverse opinions; agree to disagree; willingness to let up when its time; listen: sit back, breathe, hear; learn from others: don't simply defend a position, willingness to encourage "thinking out of the box"; strive to find another answer.

Section 6: Officer and Director Indemnification

The Corporation shall indemnify any Director or former Director or officer of the Corporation or any person who may have served at its request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise against liabilities and reasonable litigation expenses, including attorneys' fees, incurred by the Director in connection with any action, suit or proceeding in which that Director is made or threatened to be made a party by reason of being or having been such Director or officer, except in relation to matters as to which the Director shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty. The indemnification authorized by this Section 6 (a) shall be in addition to that permitted by General Statutes Sections 55A-17.2 or 55A-17.3 or North Carolina General Statues or as authorized in these Bylaws.

The corporation may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of the corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against and incurred by the person in such capacity, or arising out of the officer's status as such, whether or not the corporation would have the power to indemnify that officer against such liability. Expenses incurred by a Director, officer, employee, or agent in defending a civil or criminal action suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee, or agent to repay such amount unless it shall be ultimately be determined that the person is entitled to be indemnified by the corporation as authorized in Section 55A-17.2 or 55A-17.3 of North Carolina General Statues or as authorized in these Bylaws.

Section 7: Prohibited Activities

The Corporation shall comply with 501(c)(3) prohibitions against substantial lobbying and involvement in political campaigns for public candidates. No part of the net earnings of the corporation shall inure to the benefit of or be distributable to, its members, Directors, officers, or other private persons. Notwithstanding any other provisions of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by corporations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or (b) by a corporation, contributions to which are deductible under Section 17Q(c)(2) of the Code.

Section 8: Disposal of Assets

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the Corporation as directed pursuant to North Carolina General Statutes.

The undersigned persons certify the foregoing Bylaws have been adopted as the Bylaws of the Corporation, in accordance with the requirement of the Corporation Law.

Dated: _____

Board Chair

Attest: _____
Board Secretary

NEW GENERATION CHARTER ACADEMY
CONFLICT OF INTEREST POLICY

New Generation Charter Academy hereby adopts the following Conflict of Interest Policy:

Article I
Purpose

The purpose of the conflict of interest policy is to protect New Generation Charter Academy's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or result in a possible excess benefit transaction.

Article II
Definitions

1. Interested Person- Any director, principal officer, or member of a committee with governing board delegated power, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest- A person has a financial interest if the person has, directly or indirectly, through business, investment, or family: (a) an ownership or investment interest in any entity with which the Organization has a transaction or arrangement, (b) a compensation arrangement with the Organization or with an entity or individual with which the Organization has a transaction or arrangement, or (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
3. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
4. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exist.

Article III
Procedures

1. Duty to Disclose
In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists
After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization' best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangements.

4. Violations of the Conflict of Interest Policy

- a. If the governing board or committee have reasonable cause to believe a member has failed to disclose actual or possible conflicts if interest, it shall inform the member of the basic for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict or interest, it shall take appreciate disciplinary and corrective action.

Article IV
Records of Procedures

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion , including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

- a. A voting member of the governing board who received compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the results of arm's length bargaining.
- b. Whether partnership, joint ventures, and arrangement with management organizations conform to Organization written policies, are properly recorded, reflect reasonable investment or payments of goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in and excess benefit transaction.

Article VIII Special Provisions

In accordance with N.C. Gen. Stat. § 115C-218.15(b), the following shall apply:

- a. All Directors of the Corporation shall comply with the requirements of N.C. Gen. Stat. § 55A-8-31, et seq.

b. Before any immediate family, as defined in N.C. Gen. Stat. § 115C-12.2, of any member of the board of directors or a charter school employee with supervisory authority shall be employed or engaged as an employee, independent contractor, or otherwise by the board of directors in any capacity, such proposed employment or engagement shall be (i) disclosed to the board of directors and (ii) approved by the board of directors in a duly called open-session meeting. The burden of disclosure of such a conflict of interest shall be on the applicable board member or employee with supervisory authority. If the requirements of this subsection are complied with, the charter school may employ immediate family of any member of the board of directors or a charter school employee with supervisory authority.

c. A person shall not be disqualified from serving as a member of a charter school's board of directors because of the existence of a conflict of interest, so long as the person's actions comply with the school's conflict of interest policy established as provided in this subsection and applicable law.

Article IX
Use of Outside Experts

When the periodic reviews that is provide for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are.

DATED ADOPTED: _____

Board Chair

Board Secretary

Area of Proposed Coverage

Comprehensive General Liability

Officers and Directors/Errors and Omissions

Property Insurance

Automobile Liability

Crime Coverage - Minimum/Maximum Amount

Worker's Compensation

Other Coverage

Total Cost

Proposed Amount of Coverage

\$1,000,000.00/occurrence

\$1,000,000.00/occurrence

\$1,000,000.00/occurrence

\$250,000.00 | \$250,000.00

\$500,000.00



Cost (Quote)

\$1,368
\$3,057
\$450
\$181
\$332
\$5,692
\$2,469
\$13,549

Nancy McDaniel

11980 HWY NC 48
Whitakers NC27891
Mobile: 252-822-2442
Email: nmcdaniel1@hughes.net

SUMMARY OF QUALIFICATIONS:

To encourage creativity and higher-order thinking in a way that increases student performance and possesses an effective, positive, and flexible teaching style with the willingness to work beyond the call of duty.

Skills in:

- Leadership
- Education
- Administration
- Public Speaking
- Counseling

PROFESSIONAL EXPERIENCE:

Career Technical Teacher

2018 to Present

Halifax County School, Halifax NC

Career and technical Middle School education teacher instruct students in various technical and vocational subjects, Word, PowerPoint, Access, Excel, Publisher and Career Decisions. Teach academic and technical content to provide students with the skills and knowledge necessary to enter an occupation. Prepare students to become Microsoft Certified.

Career Technical Teacher

2008 to 2018

Edgecombe County School, Edgecombe NC

Career and technical Middle and High School education teacher instruct students in various technical and vocational subjects, Word, PowerPoint, Access, Excel, Publisher and Career Decisions. Teach academic and technical content to provide students with the skills and knowledge necessary to enter an occupation. Prepare students to become Microsoft Certified.

EDUCATION:

American Intercontinental University

Dual Bachelor in Business Administration & Accounting (2006)

Masters in Curriculum & Instructions (2007)

Ashford University

Masters in Public Administration (2011)

Dexter A. Waters

3370 L.D. Hardy Rd • LaGrange, NC 28551 • (919) 394-3475 • DexterWaters@yahoo.com

SUMMARY OF QUALIFICATIONS

Current Human Services Professional with 20+ years of career experience. Specializing in juvenile justice, education, Asst. Director Day Reporting Center, state facility consulting. A verifiable track record of grants management, excellent leadership, developing and delivering training, organizational development. A working knowledge of current educational standards, state facility standards, mental health, and effective leadership techniques that work well in these agencies. Notably excels in establishing fruitful working relationships with all levels of organizational personnel.

Skilled in:

- Leadership
- Grants management
- State/Federal facility guidelines
- Executive administration
- Education
- Compliance

EDUCATION

Strayer University	2008
Master of Education Management	
Catawba College	1984
Bachelor of Arts, Social Work	

PROFESSIONAL EXPERIENCE

Director of Program Operations of East 3 Region 2018 to Present
Monarch, Albemarle, NC

Provide direct oversight of 15 DD/MH group homes and apartments to ensure they are operating within their individual budgets and following the state and federal regulations. Reviewing the policies of Monarch and providing direct supervision to 3, Team leaders, 7, Residential managers and 1 Service manager to ensure they are following all policies and regulations. Providing clinical consultation to the teams to ensure the people we serve are receiving the appropriate services that will ensure they are able to live their lives at the highest level of independence possible for them on an individual basis.

- Provided methods to ensure vacancies are filled in a timely manner
- Decreased the excessive overtime by 65% within the last 6 months
- Developed systems to ensure the Team Leaders are tracking all authorizations and they are submitted before the date
- Provide guidance to all staff to enhance their personal skills to ensure professional growth and development.

Facility Consultant 2012 to 2018
Division of Health Services Regulation, Raleigh, NC

Provide consultation to state and private providers by conducting General Health, follow up and complaint surveys at state, federal and private agencies throughout eastern North Carolina. Review the daily operations of each facility. Perform observation of the active treatment that is provided to the clients. Review all documentation and ensure they are within the federal and state regulations. Review the policies and procedures of the facilities. Provide assistance to the facilities so they are able to make appropriate corrections. Ensure that all Federal and State required regulations are being implemented as written. Provide guidance to ensure the facilities understand how to correct any deficiencies that have been cited. Ensure that all Federal and State required regulations are being implemented as written. Provide ongoing assistance to state and private providers in North Carolina.

- Successfully resolved 200+ complaints
- Successfully transitioned 30+ facilities from under investigation to compliant
- Serve as subject matter expert to support facilities in all matters pertaining to the facility operations fall within the ICF/IID regulations.

Syvilla L. Whitaker

whitakerdl65@gmail.com

H: (252)536-1204 Walnut Grove Apt. -300 W. Taylor St. Apt.6B.Whitakers, NC

OBJECTIVE:

Organized, maintained and updated student database, records and files according to established procedures. Assist other departments in secretarial/administrative tasks upon request.

WORK EXPERIENCE:

Halifax County Schools: Halifax, NC
Substitute Teacher

(2007-2016)

- Filled in for absent teachers on a set time frame, including handling all assignments, special projects, test, and grading
- Implemented lesson plans outlined by classroom teachers
- Documented growth, development and understanding, displayed by all students through outlined grading procedures and assessment strategies

Halifax County Schools:

Halifax, NC - School Bus Driver

(2007 - 2016)

- Verified all permission slips for students to ride home with friends
- Check vehicle to ensure safety and emergency equipment was in good working order

H&R Block:

Scotland Neck, NC - Tax Preparer

(2004 -2006)

- Supported work in tax preparation
- Checked in clients as they came in for their appointments

Chonoake Public Transportation:

Rich Square, NC

(2005 - 2007)

- Maintained scheduled pick-ups
- Secured all wheelchair riders
- Check vehicle for safety and emergency equipment

EDUCATION:

Richard J. Reynolds Sr. High School - Winston-Salem, NC

High School Diploma

Winston-Salem State University - Winston-Salem, NC

Secretarial Courses

Halifax Community College - Weldon, NC

Associate Degree

STEPHANIE FRINK

Post Office Box 1811 Rocky Mount, NC
27802 | stephaniefrink16@gmail.com | 252.886.3414

OBJECTIVE | To share vital educational information for educational purpose & use

SKILLS & ABILITIES | Public Speaking/Workshop Organizer/Psalmist & Musician/Technology User & Facilitator

EXPERIENCE | **EDUCATOR/LONG TERM TEACHER MENTOR/LIBRARIAN**
1983-2015

2014-2015 Teacher of the Year in Nash Rocky Mount Schools at
DS Johnson Elementary School

EDUCATION | **NC WESLEYAN COLLEGE/NC STATE UNIVERSITY/NC CENTRAL UNIVERSITY**
BA EDUCATION/ BS PSYCHOLOGY/MLS LIBRARY SCIENCE

LEADERSHIP | Member and Board Member of the Rocky Mount Evening Optimist Club
Secretary of the Rocky Mount Railroad Museum Organization
Member of NC Association of Education
Member of National Association of Educators
Member of the Executive Board of Women in NC 2nd Jurisdiction Church of God in Christ

Michael A. Williams Sr.

1961 W Wilson St
Tarboro NC 27886
Mobile: 252-567-5791
Email: m1998lejoie@hotmail.com

Professional Summary:

An experience maintenance technician and supervisor, maintaining, and repairing electrical wiring, plumbing, tools, equipment, and fixtures, seeking challenging and promising career as a maintenance support personnel.

SUMMARY OF QUALIFICATIONS:

- Electrical Wiring
- Maintenance
- Painting
- Plumbing
- Builder Manager of Daycare
- Carpentry

WORK EXPERIENCE:

Maintenance Supervisor

Westminster Property, Pinetops, NC (2011 to present)

- Maintain grounds
- Electrical Wiring
- Plumbing
- Appliance repair
- Minimum AC repair
- Inspections
- Carpentry

Pastor

Gibraltar Church on the Rock, Tarboro NC (1999 to present)

- Minister to the need of the congregation
- Maintain Church property
- Build and test fuel controls and satellites components for commercial and military aircraft applications; F-15, F16, C130, Airbus etc.
- Ensure that all build procedures and documentations are ISO 9001 Qualified.

EDUCATION:

Nash Community College

Plumbing Certification Certificate, Nashville NC (2014)

Edgecombe Community College, Tarboro NC (2011)

Electrician

Angela S. King

1265 Waterloo Drive
Rocky Mount, NC 27804
Home: (252) 442-7161- Cell (252) 955-5239
Email: music4king@gmail.com

Experience

August 2018 – Present

Nash Rocky Mount Transition Facilitator

August 2013-2018

**Nash Rocky Mount Public School
Special Education Itinerant Preschool Teacher &
Social Emotional Foundation for Early Learning Coach**

- Provide help to children with special needs in their natural setting, such as regular preschool classroom within the NRMS District, head starts, daycares, church preschools, and homes
- Participates on a team to develop Individualized Education Program (IEP)
- Implements the child's Individualized Education Program (IEP)
- Collaborates with teachers, principals, therapists, and directors to meet the child's needs
- Share information with the child's regular classroom teacher, parents, and therapists
- **Coach:** Observation of teachers in their classroom; interview teachers; provide feedback; guidance; etc.

October 2000- 2013

**Nash Rocky Mount Public School
Exceptional Education Preschool Classroom Teacher**

- Discussed, developed, reviewed, and revised Individualized Education Plan (IEP) for each student
- Conducted parent conferences, home visits, and assessments
- Supervised and evaluated teacher assistants
- Created a classroom environment that was conducive to learning and appropriate to the maturity and interests of the students
- Took all necessary and reasonable precautions to protect students, equipment, materials, and facilities
- Assisted the administration in implementing all policies and rules.

June 2000- October 2000

**Nash Community College Child Development Center
Preschool Teacher**

- Set up a new classroom, and created a child friendly atmosphere.
- Worked to enhance the emotional, social and cognitive wellbeing of children, as well as their parents.
- Worked to provide quality early education for children.
- Created lesson planning on a weekly base

January 1993- June 2000

**Nash Edgecombe Economic Development (NEED) Head Start
Preschool Teacher**

- Home visit
- Lesson planning
- Parent Involvement

1986-1993

**New Beginnings Child Care
Teacher**

Education

Liberty University

Lynchburg, VA

Masters of Arts in Human Services Counseling (Marriage and Family Cognate)

East Carolina University

Greenville, NC

Bachelors of Science in Family and Community Service

Nash Community College

Rocky Mount, NC

Associate Degree in Early Childhood Education

Rocky Mount Senior High School

Rocky Mount, NC

Diploma

Accomplishments

- 2014 Certificate for Teaching Pyramid Observation Tool for Preschool Classroom(TPOT)
 - A tool for assessing teachers in their effectiveness in fidelity of implementation of the Teaching Pyramid (SEFEL) model and areas of growth
- 2013 Certified Social Emotional Foundations of Early Learning (SEFEL) Coach
 - Promotes the social emotional development and school readiness of young children
 - Assisted in training teachers during Professional Development workshops
- May 2012 - Teacher of the month
- 2011- 2013 - Fun Day Coordinator for Nash Rocky Mount Special Education Preschoolers
- 2008 - Exceptional Teacher of Excellence Award for Nash Rocky Mount School District

Highlights

- *North Carolina Teachers License Birth through Kindergarten*
- 2018 Attended SEFEL Leadership Summit
- 2017 attend the Conference on Exceptional Children
- 2017 conducted professional development for area Child Care Provider
- Participated in 2016 National Early Childhood Inclusion Institute
- Plan a program of study, employing a variety of instructional techniques and instructional media, that meets the individual needs, interests, and abilities of the students
- Uses formative assessments to progress monitor students. Using instruments such as Brigance, Early Learning Accomplishment Profile 3, Ages and Stages, work samples, and anecdotal notes with visuals on the iPad
- Takes all necessary and reasonable precautions to protect students, equipment, materials, and facilities
- Assists in diagnosing the learning disabilities of students, with the assistance of district specialists
- Evaluates pupils' academic and social growth, keeps appropriate records and prepares progress reports
- Maintains accurate, complete, and correct records as required by law, district policy, and administrative regulations

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: NEW GENERATION CHARTER ACADEMY

2. (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).

3. The name of the initial registered agent is: Torchlight Academy Schools, LLC

4. The street address and county of the initial registered agent's office of the corporation is:
Number and Street: 105 Star Street
City: Raleigh State: NC Zip Code: 27610 County: Wake

The mailing address *if different from the street address* of the initial registered agent's office is:
Number and Street or PO Box: P.O. Box 19191
City: Raleigh State: NC Zip Code: 27619 County: Wake

5. The name and address of each incorporator is as follows:

Name	Address
<u>Torchlight Academy Schools, LLC</u>	<u>P.O. Box 19191, Raleigh, NC 27619</u>

6. (Check either "a" or "b" below.)
a. The corporation will have members.
b. The corporation will not have members.

7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.

8. Any other provisions which the corporation elects to include are attached.

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: _____

Number and Street: 105 Star Street

City: Raleigh State: NC Zip Code: 27610 County: Wake

The mailing address *if different from the street address* of the principal office is:

Number and Street or PO Box: P.O. Box 19191

City: Raleigh State: NC Zip Code: 27619 County: Wake

10. (Optional): Listing of Officers (See instructions for why this is important)

Name	Address	Title

11. (Optional): Please provide a business e-mail address: Privacy Redaction

The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

12. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 19th day of July, 2019.

Torchlight Academy Schools, LLC

Incorporator Business Entity Name

Adam Ezell

Signature of Incorporator

Adam Ezell, Representative

Type or print Incorporator's name and title, if any

NOTES:

1. Filing fee is \$60. This document must be filed with the Secretary of State.

BUSINESS REGISTRATION DIVISION
(Revised August, 2017)

P. O. BOX 29622

RALEIGH, NC 27626-0622
Form N-01

Purpose of Corporation

This corporation is organized for the following purpose(s) (*check as applicable*):

- religious,
- charitable,
- educational,
- testing for public safety,
- scientific,
- literary,
- fostering national or international amateur sports competition, and/or
- prevention of cruelty to children or animals,

including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 (herein the "Code") (or the corresponding provisions of any future United States Internal Revenue Code).

Prohibited Activities

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to, its members, directors, officers, or other private persons except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in these articles of incorporation. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Distributions Upon Dissolution

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to federal, state, or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organizations, such as the court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

TORCHLIGHT ACADEMY SCHOOLS, LLC.

SERVICES AGREEMENT

This Services Agreement (“Agreement”) by and between Torchlight Academy Schools, LLC., a North Carolina corporation (“**T.A.S.**”), and New Generation Charter Academy a North Carolina non-profit corporation (the “**School**”) is effective this 1st day of July 2020 (the “Effective Date”). For purposes of this Agreement, “T.A.S.” and the School shall be referred to collectively as the “Parties.”

RECITALS

WHEREAS, the School was issued a Charter Contract by the North Carolina State Board of Education (the “Authorizer”) to operate a public charter school pursuant to N.C. Gen. Stat. § 115C-218 et seq. (the “Authorizing Law”); and

WHEREAS, the Parties desire to work together to promote educational excellence and innovation based on T.A.S.’s school design, comprehensive educational program, and management principles; and

WHEREAS, the Parties desire to set forth the terms and conditions of such a relationship in this Agreement;

NOW, THEREFORE, for good and valuable consideration, including the mutual promise and benefits contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

CONTRACTING RELATIONSHIP

- A. Services. Subject to the terms and conditions of this Agreement, and as permitted by applicable law, the School hereby contracts with T.A.S. for the provision of certain educational, business administration, facility, and management services, including without limitation, all labor, equipment, and materials necessary for the provision of the same, as set forth herein (collectively, the “Services”).
- B. Charter. This Agreement shall: (i) be subject to and comply with the terms and conditions of the Charter Contract and the School’s Charter Application (collectively, the “**Charter**”); and (ii) not be construed to interfere with the constitutional, statutory, or fiduciary duties of the School’s Board of Directors (the “**Board**”). In the event of a conflict between any term or condition of this Agreement and any term or condition of the Charter, the term or condition of the Charter shall govern.
- C. Independent Contractor. T.A.S. shall provide the Services as an independent contractor, and not as an employee, partner, agent, or associate of the School. This independent contractor relationship shall extend to the officers, directors, employees, and representatives of T.A.S.. Consistent with the status of an independent contractor, T.A.S. reserves to itself the right to designate the means and methods of accomplishing the objectives and purposes of this Agreement consistent with Authorizing Law and the Charter. The relationship between the Parties is based solely on the terms and conditions of this Agreement, and the terms and conditions of any other written agreement between the Parties.
- D. Designations and Appointments.
1. T.A.S., including its directors, officers, and employees are hereby designated as “other School Officials having a legitimate educational interest in education records” for purposes of the Family Educational Right and Privacy Act, 20 U.S.C. 1232g et seq. (FERPA).
 2. T.A.S., its directors, officers, and employees may be designated by the School for other purposes by a written resolution of the Board.

ARTICLE II TERM & TERMINATION

A. Term.

This Agreement shall commence on the Effective Date, and unless terminated as set forth herein, shall continue until the termination or expiration of the Charter currently in effect, inclusive of any Charter re-authorization or renewal periods thereof (the “**Term**”). The parties acknowledge that the Authorizer, as part of any reauthorization or renewal, may require that the School and T.A.S. submit an amended or restated Agreement for review by the Authorizer. The first school year of this Agreement shall commence July 1, 2020 to June 30, 2021, and each school year thereafter shall commence on July 1 and end on June 30 of the following year.

B. Termination

1. By the School. The School may terminate this Agreement prior to the end of the Term if T.A.S. fails to remedy a material breach of this Agreement within (60) days after receiving notice from the School of such breach. For purposes of this Subsection, a material breach includes, but is not limited to: (i) T.A.S.’s failure to account for expenditures or pay operating costs pursuant to the Budget (as defined below); (ii) T.A.S.’s failure to follow policies, procedures, rules, regulations or curriculum adopted by the Board, provided they do not violate the Charter, applicable law, or this Agreement; (iii) a receipt by the Board of an unsatisfactory report from an independent education consultant retained by the Board regarding the Services or the School’s performance, provided the unsatisfactory performance cannot be adequately corrected or explained; (iv) a determination that this Agreement or its implementation would serve as grounds for suspension, revocation, or non-renewal of the Charter; (v) a determination that this Agreement or its implementation would jeopardize material tax exemptions of the School or its non-profit status; or (vi) any action or inaction by T.A.S. that places the Charter in jeopardy of termination, suspension or revocation.

2. By T.A.S. T.A.S. may terminate this Agreement prior to the end of the Term if the Board fails to remedy a material breach of this Agreement within thirty (30) days after receiving a notice from T.A.S. of such breach. For purposes of this Subsection, a material breach (which for the sake of the clarity is a default hereunder) includes, but is not limited to: (i) T.A.S.’s failure to timely receive any compensation or reimbursement required by this Agreement; or (ii) a suspension, revocation, or non-renewal of the Charter.

3. By Either Party. Either party may terminate this Agreement prior to the end of the Term by providing the other party with at least one hundred twenty (120) days prior written notice.

4. If this Agreement is terminated prior to the end of the Term, and unless otherwise agreed by the Parties, such termination will not become effective until the end of the then-current school year.

A. Effect of Termination. Upon the effective date of termination or expiration of this Agreement:

1. T.A.S. shall have the right to remove from the School any equipment or other assets owned or leased by T.A.S.;
2. The School shall pay or reimburse T.A.S. through the Fee (as defined below) for the prepaid portion of any expenses or liabilities incurred by T.A.S. pursuant to the Budget as of the date of such termination or expiration, provided T.A.S. supplies the School with documentation of all such expenses and liabilities;
3. T.A.S. may agree, in its sole discretion, to assist the School for a reasonable amount of time, not to exceed ninety (90) days, and for a reasonable fee, with the School’s transition to another administrative, managerial, or services arrangement;
4. T.A.S. shall, if applicable, reasonably assist the School in the execution of a closure and dissolution plan and cooperate in the closure and dissolution process, including without limitation, in any audits and court or other proceedings related thereto; and

5. The party to whom Confidential Information (as defined below) has been disclosed shall, upon request and at the direction of the disclosing party: (i) return such Confidential Information within thirty (30) days, including any copies thereof, and cease its use; or (ii) destroy such Confidential Information and certify such destruction to the disclosing party, except for a single copy thereof which may be retained for the sole purpose of determining the scope of any obligations incurred under this Agreement, and except where disclosure or retention is required by applicable law.

ARTICLE III OBLIGATIONS OF T.A.S.

- A. Manager at Risk. T.A.S. shall be responsible and accountable to the Board for providing the Services. During the Term, T.A.S. shall provide services to the level of funding appropriated by the board. Notwithstanding the foregoing, T.A.S. shall not be required to expend funds on Services in excess of the amount set forth in the Budget but may do so at its discretion.
- B. Educational Program. Subject to the oversight of the Board, T.A.S. shall implement and administer the program as outlined within the application. In the event that T.A.S. reasonably determines that it is necessary or advisable to make material changes to the Educational Program, T.A.S. shall inform the Board of the proposed changes and obtain the Board's approval before making such changes, as well as the Authorizer's approval if required by the Charter or applicable law. The Parties acknowledge and agree that an essential part of the educational program is its capacity to change in the interest of continuous improvement and efficiency. Not less than annually or as reasonably requested by the Board, T.A.S. shall provide the Board with a report detailing progress made on each of the educational goals set forth in the Educational Program. The school year calendar and the school day schedule shall be approved by the Board as required under the Charter.
- C. All Children Welcome. T.A.S. shall ensure that all students are welcome regardless of race, ethnicity, religion, gender, and economic backgrounds.
- D. Services to Students with Disabilities. T.A.S. welcomes students with disabilities at the School. T.A.S. shall provide special education and related services, in conformity with the requirements of applicable law, to students who attend the School.
- E. Educational and Administrative Services. Subject to the oversight of the Board, T.A.S. shall implement operational practices and procedures that are consistent with Board policy, the Charter and applicable law. Such practices and procedures shall include, but are not limited to:
1. Student recruitment and student admissions.
 2. Student assessments, including testing, promotion, and retention.
 3. The acquisition of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs included in the Budget.
 4. Employment of personnel working at the School and management of all personnel functions, as set forth herein.
 5. All aspects of the School's business administration.
 6. All aspects of the School's accounting operation, including general ledger management, financial and audit reporting, employee benefits, payroll, and tax compliance.
 7. All aspects of food services.
 8. All aspects of facilities acquisition, administration and maintenance.
 9. Student behavior management and discipline.
- F. Location of Services. Other than instruction, and unless prohibited by the Charter or applicable law, T.A.S. may provide the Services, including but not limited to, purchasing, professional development and administrative services,

off-site.

G. Subcontracts. T.A.S. reserves the right to subcontract any and all aspects of the Services. T.A.S. shall not subcontract the oversight of the Educational Program, except as specifically permitted in this Agreement or with prior written approval of the Board. Notwithstanding the foregoing, the Board specifically acknowledges and agrees that from time to time T.A.S. may use third parties or independent contractors to assist in the creation and development of Educational Materials (as defined below) that may be used as a part of the T.A.S. Educational Program.

H. Pupil Performance Standards and Evaluation. T.A.S. shall implement pupil performance evaluations that permit evaluation of the academic progress of each student. T.A.S. shall utilize assessment strategies required by the Charter and applicable law. The Board and T.A.S. shall cooperate in good faith to identify academic goals and methods to assess such academic performance. T.A.S. shall provide the Board with timely reports regarding student performance.

I. Unusual Events. T.A.S. shall timely notify the Board and the Administrator (as defined below) of any anticipated or known material: (i) health or safety issues, including all mandatory reporting required by applicable law; (ii) labor, employee or funding issues; or (iii) other issues that may reasonably and adversely impact the School's ability to comply with the Charter, applicable law or this Agreement.

J. School Records. The financial and education records pertaining to the School (collectively, the "**School Records**"), are property of the School. Except as may be prohibited or limited by the Charter or applicable law, the School Records shall be available to the Board and the Authorizer for their review, and are subject to inspection and copying to the same extent that records of public schools are subject to inspection and copying pursuant to applicable law. All school records shall be physically or electronically available upon request at the School's physical facility. T.A.S. agrees to comply with the terms pursuant to the Charter regarding information to be made available to the School.

K. Facility. T.A.S. shall use reasonable efforts to secure a facility to be leased or otherwise provided to the School on terms mutually agreeable to T.A.S. and the Board. Obligations of the Board created under the terms of such lease are to be fulfilled by T.A.S. unless otherwise agreed to in writing by T.A.S. and the Board. The facility shall comply with the requirements of the Charter and applicable law. T.A.S. shall also use reasonable efforts to cause the facility to be furnished with equipment and technology as is reasonably necessary to implement the Educational Program.

L. Legal Compliance. T.A.S. will implement and enforce rules, regulations and procedures applicable to the School that are consistent with adopted Board policy, if any, and the T.A.S. Educational Program in accordance with the Charter and applicable law, including without limitation, rules, regulations, and policies regarding non-discrimination, discipline, special education, confidentiality and access to records.

M. Rules and Procedures. T.A.S. will recommend to the Board reasonable rules, regulations, policies and/or procedures applicable to the School. The Board hereby authorizes and directs T.A.S. to enforce such rules, regulations and procedures consistent with Board policy.

N. Assistance to the Board. T.A.S. shall cooperate with the Board and, to the extent consistent with applicable law, timely furnish the Board with all documents and information necessary for the Board to properly perform its responsibilities under this Agreement, the Charter and all applicable laws.

**ARTICLE IV
OBLIGATIONS OF THE BOARD**

- A. Board Policies. The Board shall be responsible for the fiscal and academic policies of the School. The Board shall exercise good faith in considering the recommendations of T.A.S., including but not limited to, T.A.S.'s recommendations regarding policies, rules, regulations and the Budget (as defined below).
- B. Assistance to T.A.S.. The Board shall cooperate with T.A.S. and, to the extent consistent with applicable law, timely furnish T.A.S. all documents and information necessary for T.A.S. to properly perform its responsibilities under this Agreement.
- C. Unusual Events. The Board shall timely notify T.A.S. of any anticipated or known material: (i) health or safety issues; (ii) labor, employee or funding issues; or (iii) other issues that may reasonably and adversely impact T.A.S.'s ability to comply with the Charter, applicable law, or this Agreement.
- D. Retained Authority. The Board shall retain the authority to adopt reasonable policies in accordance with applicable law relative to anything necessary for the proper establishment, maintenance, management, and operation of the School.
- E. Ex Officio Member. To permit one ex-officio member appointed by T.A.S. on the Board of Directors. This member will be entitled to meeting notice.
- F. School Policies. The Board agrees the School will:
1. Select and implement school uniforms.
 2. Send board representation to all board trainings required by the North Carolina Department of Public Instruction
 3. Operate the school based on hours.
 4. Select and agree to a school budget by July 15th preceding each school year.
 5. To implement the healthcare plan utilized by T.A.S.

**Article V
Intellectual Property**

- A. Definitions.
1. **“Educational Materials”** means all curriculum, print and electronic textbooks, instructional materials, lesson plans, teacher guides, workbooks, tests, and other curriculum-related materials licensed, developed or otherwise owned by the School or T.A.S..
 2. **“Confidential Information”** means any confidential and non-public trade, technical or business knowledge, information and materials regarding the School or T.A.S. (or their respective affiliates), which is given by one party to the other, or any of their respective representatives, in any form, whether printed, written, oral, visual, electronic or in any other media or manner. Confidential Information includes, but is not limited to, research, operations and procedures, financial projections, pricing, sales, expansion plans and strategies, services, data, trade secrets and other intellectual property, or the results of any mediation or private adjudication, as well as information with respect to each party's or its affiliates' plan for market expansion, except for information which a party can show by contemporaneous written records was developed or formulated independently of work or services performed for, or in connection with performance of, this Agreement. Notwithstanding the foregoing, the disclosure of the other party's Confidential Information as required to be disclosed by law, rule or regulation or by reason of subpoena, court order or government action shall not constitute a breach of this Agreement; however, in such event the

party required to disclose such information will reasonably cooperate with the party whose information is required to be disclosed in order to obtain a protective order applicable to such disclosure. All Confidential Information will remain the sole property of the party disclosing such information or data.

- A. Assignment. Each party shall, and hereby does assign to the other, with full title guarantee and without additional compensation, such right, title and interest in and to any intellectual property as is necessary to fully affect the ownership provisions set out herein, and any accrued rights of action in respect thereof. Each party shall, if so requested by the other, execute all such documents and do all such other acts and things as may be reasonably required to comply with this Agreement to vest in the appropriate party all rights in the relevant intellectual property and shall procure execution by any named inventor of all such documents as may reasonably be required by the other party in connection with any related patent application.

ARTICLE VI SOLICITATION AND USE OF PRIVATE FUNDS

T.L.A. shall seek the Board's approval prior to soliciting any non-governmental grants, donations or contributions on behalf of the School. Any such funds received shall be used solely in accordance with the purpose for which they were solicited, applicable donor restrictions, or as otherwise approved by the Board. Subject to applicable donor restrictions, the Board shall determine the allocation of any such funds subject to this Article that remain unexpended following completion of the project or purpose for which they were originally designated.

ARTICLE VII FINANCIAL ARRANGEMENTS

- A. Revenues. Except as provided herein, all monies received by the School shall be deposited in the School's depository account within three (3) business days with a financial institution acceptable to the Board; provided, however, that upon receipt of a notice from T.A.S., the School shall pay all such funds owed under this Agreement directly to the account or party specified in such notice. The signatories on the School depository account shall solely be Board members or properly designated Board agents (if any). Interest income earned on the School's depository account shall accrue to the School. Except as specifically excluded by this Agreement, the term "Revenues" shall include all funds received by or on behalf of the School including but not limited to:
1. Funding for public school students enrolled at the School.
 2. Special education funding provided by the federal and/or state government that is directly allocable to special education students enrolled at the School.
 3. Gifted and talented funding provided by the federal and/or state government that is directly allocable to gifted and talented students enrolled at the School.
 4. At-risk funding provided by the federal and/or state government that is directly allocable to at-risk students enrolled at the School.
 5. Funding provided by the federal and/or state government that is directly allocable to students enrolled at the School with limited English proficiency.
 6. All other federal and/or state grant sources, including, but not limited to, Title I and any start-up funding allocable to the School.
 7. All other grants and donations received by the School to support or carry programs at the

School (except to the extent T.A.S. is not required or involved in soliciting, administering or managing the contribution and/or donation , in which case such funds shall be deposited in the Board Spending Account (as defined below)).

8. Fees charged to students as permitted by law for extra services provided by T.A.S. as approved by the Board.

The expenditure of any Revenues received from governmental entities shall be consistent with all applicable regulations and policies. The expenditure of any Revenue received from non-governmental grants, contributions and donations shall be made consistent with provisions of Article VI.

- B. Budget. T.A.S. shall provide the Board with an annual proposed Budget prepared and maintained in accordance with the Charter and applicable law (the “**Budget**”). The Budget shall be submitted to the Board prior to June 1 for the next school year.
- C. Review and Approval of Budget. The Board shall be responsible for reviewing and approving the Budget in accordance with the Charter and applicable law. At the direction of either T.A.S. or the Board, with the approval of the Board, the Budget shall be amended from time to time as necessary.
- D. Board Spending Account. Notwithstanding any other provision of this Agreement to the contrary, each school year during the Term, T.A.S. shall allocate to an account controlled by the Board an amount equal to the lesser of (i) 2% of state per pupil aid reflected in the Budget for that respective year, or (ii) \$25,000 (the “**Board Spending Account**”). The aforesaid amount shall be deposited by T.A.S. into the Board Spending Account pro-rata during the course of the School’s school year as Revenues are received. All funds in the Board Spending Account are the property of the School and may be used by the School at the discretion of the Board. Funds in the Board Spending Account that are not spent by the School during the school year shall carryover annually.
- E. Fee. T.A.S. shall receive all Revenues as its services fee (the “**Fee**”), from which it shall pay all operating costs of the School as detailed in the Budget. T.A.S. and the Board acknowledge that operating costs may include an administrative fee payable to the Authorizer as set forth in the Charter. Payment of the Fee shall be made on the same frequency that the School receives its Revenues. T.A.S. shall be entitled to retain as compensation for the Services the difference, if any, between the Fee and the amount actually expended by T.A.S. in operation and/or management of the School during the School’s fiscal year. The minimum service fee each year shall be 10% of Revenues.
- F. Other Schools. The School acknowledges that T.A.S. may enter into similar services agreements with other schools. T.A.S. shall maintain separate accounts for expenses incurred in the operation of the School and other schools assisted by T.A.S., and shall reflect in the School’s financial records only those expenses incurred in the operation of the School.
- G. Financial Reporting. T.A.S. shall provide the Board with:
 1. At least annually, the Budget as required by this Agreement.
 2. Monthly financial statement. These financial statements will include a Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance at object level detail with a comparison of budget to actual revenue and expenditures and explanations of variances.
 3. Quarterly, or as reasonably requested by the Board, a report on School operations and student performance.
 4. As reasonably requested, other information to enable the Board to: (i) evaluate the quality of the Services; and (ii) timely provide all reports and information that are required by the Charter and

applicable law.

- H. Access to Financial Records. T.A.S. shall keep accurate financial records pertaining to its operation of the School, together with all School financial records prepared by or in possession of T.A.S., and shall retain all of the afore referenced records according to the Charter and applicable law to which such books, accounts, and records relate. T.A.S. and the Board shall maintain the proper confidentiality of personnel, students, and other records as required by law. All records shall be kept in accordance with applicable state and federal requirements.
- I. Accounting Standards: Annual Audit.
1. The School shall at all times comply with generally accepted public sector accounting principles and applicable law.
 2. The Board shall select and retain an independent auditor to conduct an annual audit of the School's financial matters in accordance with the Charter and applicable law.
 3. Subject to applicable law, all records in the possession or control of T.A.S. that are related to the School, including but not limited to, financial records, shall be made available to the School and the School's independent auditor. The expense of the annual audit shall be included in the Budget.
- J. Start-up Funds; Contributions. T.A.S. shall provide start-up funds for: (i) the development of curriculum, a technology system and a school operations plan; (ii) recruiting, selecting and training of staff members; and (iii) to the extent necessary as reasonably determined by T.A.S., cleaning, renovating and equipping of the School facility (the "Start-Up Funds"). In addition, in its sole discretion, T.A.S. may, but need not, make contributions to the School in the event School expenses exceed Revenues (the "Contributions"). The Contributions, if any, shall be in amounts acceptable to T.A.S. and the Board and, once made, shall be included in the Budget. Unless otherwise agreed, the School shall not be legally obligated to repay T.A.S. for the Start-Up Funds or the Contributions. T.A.S.'s agreement to make such Contributions shall not be deemed to negate or mitigate the need for the School to apply for or solicit state or federal start-up funds, grants or sub-grants which the School, as a public school, may be eligible to receive.

ARTICLE VIII PERSONNEL & TRAINING

- A. Qualified Personnel. T.A.S. shall select and hire qualified personnel to perform the Services. T.A.S. shall have the responsibility and authority, subject to this Article, to select, hire, evaluate, assign, discipline, transfer, and terminate personnel consistent with the Budget, the Charter and applicable law. With the exception of teachers, as set forth below, and unless otherwise agreed by the written consent of the Parties, all School personnel shall be employees or independent contractors of T.A.S.. The compensation of all employees or contractors working at the School shall be included in the Budget. Upon Board request, T.A.S. shall disclose to the Board the level of compensation and fringe benefits provided by T.A.S. to T.A.S. employees working at the School. A criminal background check and unprofessional conduct search in compliance with applicable law shall be conditions for the hiring of or services provided by any person who will or may be reasonably expected to have unsupervised access to and the care, custody or control of, any School student(s).
- B. School Administrator. The School administrator (the "Administrator") shall be an employee of T.A.S. and not the Board. The duties and terms of the Administrator's employment shall be determined by T.A.S.. The Administrator shall work with T.A.S. in the operation and management of the School. The accountability of T.A.S. to the School is an essential foundation of this Agreement. Since the

Administrator is critical to the School's success, T.A.S. shall have the authority, consistent with this Article, to select, hire, evaluate, assign, discipline, transfer and terminate the Administrator, and to hold the Administrator accountable for the performance of the School. Without limiting the foregoing, T.A.S. shall consult with the Board prior to the placement and/or removal of the Administrator. Absent compelling circumstances, the consultation shall commence at least ninety (90) days prior to T.A.S. placing and/or removing the Administrator. T.A.S. shall give due consideration to the input, if any, of the Board or the Board's designated representative prior to making a final decision regarding placement and/or removal of the Administrator. T.A.S. shall remove the Administrator if the Board is reasonably dissatisfied with the Administrator's performance. Absent compelling circumstances, however, the Board shall give T.A.S. and the Administrator six (6) months to correct the basis for the Board's reasonable dissatisfaction. The parties agree that the purpose of the above provisions is not to deny the Administrator the opportunity for growth and/or promotion within T.A.S.. Notwithstanding any of the foregoing, the placement of the initial Administrator for the School in its first year of operation shall be made by T.A.S..

- C. Teachers. The Administrator shall recommend to the Board for its consideration and approval, teachers who are qualified in the grade level and subjects required by the School to operate in accordance with the terms of the Charter. All teachers shall be jointly employed by the School and T.A.S. for such purposes as inclusion in the compensation and employee benefit plans of T.A.S., payroll administration and other employment policies and practices; provided however, in all circumstances, the Board shall ultimately control the hiring and discharge decisions with respect to jointly employed teachers at the School in accordance with N.C. Gen. Stat. § 115C-218 et seq. Teachers assigned to and retained by the School may hold a valid teaching certificate issued by the State Board of Education to the extent required by N.C. Gen. Stat. § 115C-218 et seq.
- D. Support Staff. T.A.S. shall, consistent with this Article, provide the School with qualified support staff as needed to operate the School in an efficient manner. The support staff may, at the discretion of T.A.S., work at the School on a full or part time basis.
- E. Training. T.A.S. shall provide or procure training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Instructional personnel shall be required to obtain at least the minimum hours of professional development as required by applicable law.
- F. Background Checks and Qualifications. T.A.S. shall comply with applicable law regarding background checks, unprofessional conduct searches and certification/licensure, as applicable, for all persons working in the School.

ARTICLE IX INDEMNIFICATION

Indemnification of Parties. To the extent not prohibited by the Charter or applicable law, the Parties hereby agree to indemnify, defend, and hold the other (the "**Indemnified Party**"), harmless from and against any and all third-party claims, actions, damages, expenses, losses or awards which arise out of (i) the gross negligence or intentional misconduct of the indemnifying party, (ii) any action taken or not taken by the indemnifying party, or (iii) any noncompliance or breach by the indemnifying party of any of the terms, conditions, warranties, representations, or undertakings contained in or made pursuant to this Agreement. As used herein, Indemnified Party shall include the party's trustees, directors, officers, employees, agents, representatives and attorneys. The Parties may purchase general liability, property, or other insurance policies. Notwithstanding anything in this Agreement to the contrary, the Board shall not be precluded by the terms of this Agreement from asserting or declining to assert a claim of governmental immunity.

It is understood by Torchlight Academy Schools, LLC. that "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."

ARTICLE X INSURANCE

- A. Insurance Coverage. T.A.S. shall maintain such policies of insurance as required by the Charter and applicable law. Each party shall, upon request, present evidence to the other that it maintains the requisite insurance in compliance with the provisions of this Article. Each party shall comply with any information or reporting requirements required by the other party's insurer(s), to the extent reasonably practicable.
- B. Workers' Compensation Insurance. T.A.S. shall maintain workers' compensation insurance as required by law, covering their respective employees.

ARTICLE XI REPRESENTATIONS & WARRANTIES

- A. Board and School. The Board represents and warrants, for itself and on behalf of the School, that:
 - (i) it is legally vested with all power and authority necessary to operate a charter school under the Authorizing Law;
 - (ii) it is legally vested with all power and authority necessary to execute, deliver and perform this Agreement, including without limitation, the power and authority to contract with a private entity for the provision of educational, business administration and management services;
 - (iii) its actions have been duly and validly authorized and it has adopted any and all resolutions or expenditure approvals required for the execution of this Agreement; and
 - (iv) there are no pending actions, claims, suits or proceedings, or, to its knowledge, threatened or reasonably anticipated against or affecting either the Board or the School, which if adversely determined, would have a material adverse effect on its ability to perform under this Agreement.
- B. T.A.S. T.A.S. represents and warrants that:
 - (i) it is a corporation in good standing and is authorized to conduct business in the State of North Carolina;
 - (ii) it is legally vested with all power and authority necessary to execute, deliver and perform this Agreement;
 - (iii) there are no pending actions, claims, suites or proceedings, or, to its knowledge threatened or reasonably anticipated against or affecting T.A.S., which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement; and
 - (iv) it will comply with all registration and licensing requirements relating to conducting business under this Agreement, which the Board agrees to assist T.A.S. in applying for such licenses and permits and in obtaining such approvals and consents.

Article XII Liquidated Damages

T.A.S. has undertaken substantial efforts to assist The School in planning, organizing, opening, and operating a public charter school. T.A.S. has forgone other business opportunities, has provided services, and has a reasonable future expectation of compensation. Therefore, the parties agree that T.A.S. is entitled to receive an amount equal to \$250,000.00 as liquidated damages in the event this contract is terminated prior to the expiration. This amount includes the start-up funds provided by T.A.S.. Terms of payment of liquidated damages shall be in such a manner which does not prevent the charter school from being able to continue operations.

**ARTICLE XIII
MISCELLANEOUS**

- A. Entire Agreement. This Agreement and any attachments hereto shall constitute the entire agreement of the Parties on the subject matter set forth herein. This Agreement supersedes and replaces any and all prior agreements and understandings regarding the subject matter set forth herein between the School and T.A.S..
- B. Force Majeure. Except for payment obligations, and notwithstanding any other provisions of this Agreement, neither party shall be liable for any delay in performance or inability to perform due to acts of God, war, riot, embargo, fire, explosion, sabotage, flood, accident, labor strike, or other acts beyond its reasonable control; provided either party may terminate this Agreement in accordance with provisions contained herein if sufficient grounds exists as provided in the Article governing termination.
- C. State Governing Law: Waiver of Jury Trial. This Agreement shall be construed, interpreted, governed and enforced pursuant to the laws of the State of North Carolina, without regard to its conflict-of-laws principles. The Parties hereby waive the right to a jury trial in any action, proceeding or counterclaim brought by either T.A.S. or the School against the other.
- D. Notices. All notices and other communications required by this Agreement shall be in writing and sent to the Parties at the facsimile number or address set forth below. Notice may be given by: (i) facsimile with written evidence of confirmed receipt by the receiving party of the entire notice: (ii) certified or registered mail, postage prepaid, return receipt requested; or (iii) personal delivery. Notice shall be deemed to have been given on the date of transmittal if given by facsimile, upon the date of postmark if sent by certified or registered mail, or upon the date of delivery if given by personal delivery. For purposes of the foregoing, **“personal delivery”** shall include delivery by nationally recognized overnight courier (such as FedEx), if signed for by the recipient or a delegate thereof. Notices to the School shall be sent to the current address of the then current Board Chair, with a copy to the then current Board attorney. The addresses of the Parties for the purposes
- E. aforesaid, including the address of the initial Board Chair, are as follows:

The School:

Board Chair: Nancy McDaniel
Address: 105 Star St. Raleigh, NC
27610
Telephone: (252) 822-2442

T.A.S.:
TORCHLIGHT ACADEMY SCHOOLS, LLC.

Chief Executive Officer: Don McQueen
Address: PO Box 19191 Raleigh, NC 27619
Telephone: (919) 538-8060

- F. Amendment. This Agreement shall not be altered, amended, modified or supplemented except by memorandum approved by the Board and signed by both an authorized officer of the School and T.A.S. and in manner consistent with the Authorizer’s policies.
- G. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision. Nor shall such waiver constitute a continuing waiver unless otherwise expressly stated.
- H. Severability. If any term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the Parties shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same results as that contemplated by such term or provision.
- I. Delegation of Authority. Nothing in this Agreement shall be construed as delegating to T.A.S. powers or authority of the Board which are not subject to delegation by the Board under the Charter or applicable law.
- J. Compliance with Law. Each party will comply with the Charter and laws applicable to the performance of such party’s obligations hereunder.
- K. Time of Essence. The Parties understand and agree that time is of the essence in performing their perspective responsibilities under this Agreement.

**ARTICLE XIV
MEDIATION AND ARBITRATION**

- A. The parties shall attempt in good faith to resolve by mediation any claim, dispute or controversy arising out of or relating to this Agreement. Either party may institute a mediation proceeding by a request in writing to the other party. Thereupon, both parties will be obligated to engage in mediation. The proceeding will be conducted in Raleigh, North Carolina in accordance with the then current Center of Public Resources Model Procedure for Mediation of Business Disputes. In the event that the parties are unsuccessful in resolving the dispute via mediation, the parties agree promptly to resolve any such claims, disputes and/or controversies through binding confidential arbitration conducted in Raleigh, North Carolina in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association (the “AAA”); provided, one neutral arbitrator shall be chosen in accordance with such rules to arbitrate the dispute. The parties irrevocably consent to such jurisdiction for purposes of said arbitration, and judgment may be entered thereon in any state or federal court in the same manner as if the parties were residents of the state or federal district in which said judgment is sought to be entered. All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the requirements of this Section are being followed.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the

Effective Date: 7/1/20

SCHOOL:

By: *Nancy McDaniel*

Print Nancy McDaniel

Board Chair

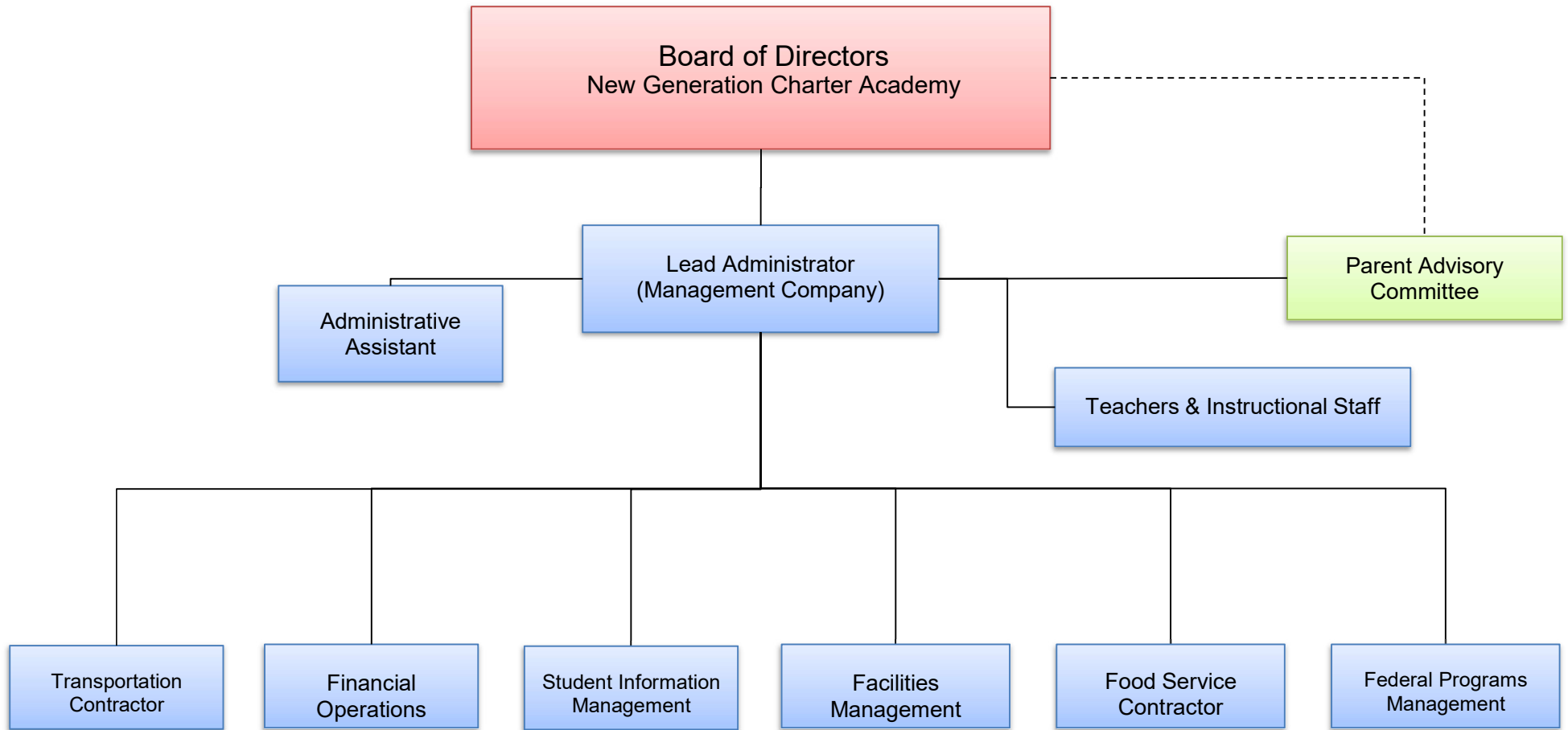
Torchlight Academy Schools:

By: Don McQueen

Print Don McQueen

Chief Executive Officer

New Generation Charter Academy Organization Chart





PUBLIC SCHOOLS OF NORTH CAROLINA

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

WWW.NCPUBLICSCHOOLS.ORG

2020 Charter Application Fee Payment Form.

***Form must accompany payment certified check or money order for processing.

(Please Type or Print Legibly)

Name:	Phone:
Name of Charter School:	
E-mail:	

General Information

Non-Refundable Application Fee: \$1,000.00

The Office of Charter Schools must receive your application fee no later than 5:00 pm. (EST) July 24, 2020.
Confirmation will be provided through email only.

Payment Information

<ul style="list-style-type: none"> ➤ Mail in Application Fee Payment Form with Certified Check or Money Order ➤ Facsimiles will NOT be accepted ➤ One registration form and fee per charter school 	<u>Payable To:</u> NC DPI Office of Charter Schools 6307 Mail Service Center Raleigh, NC 27699-6307
---	---

NOTE: Applications submitted without the non-refundable fee, result in fee being declined by the bank as insufficient funds, or submitted after 5:00 pm EST on July 24, 2020, will be deemed incomplete.

FOR DPI USE ONLY

Budget Code: : 0801 435100047 160049095000

OFFICE OF CHARTER SCHOOLS

Dr. Danielle J. Allen, Charter Schools Consultant | Danielle.Allen@dpi.nc.gov
6307 Mail Service Center, Raleigh, North Carolina 27699-6307 | (919) 807-3493 | Fax (919) 807-3496

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

<u>Board Member Name</u>	<u>Board Title</u>	<u>County of Residence</u>	<u>Current Occupation</u>	<u>Past or Present Professional Licenses Held</u>	<u>Any disciplinary action taken against any of these professional licenses?</u>
Nancy McDaniel	Board Chair	Nash	Educator	Teacher and Admin.	None
Stephanie Frink	Board member	Nash	Educator	Teacher and Admin.	None
Dexter Waters	Board Treasurer	Edgecomb	Business Manager	None	None
Michael Williams	Board member	Edgecomb	Business Owner	None	None
Syvilla Whitaker	Board Secretary	Edgecomb	Teacher	Teaching License	None
Angela King	Board Member	Nash	Educator/Admin.	Teaching License	None

Signature Page

The foregoing application is submitted on behalf New Generation Charter Academy. The undersigned has read application and hereby declares that the information contained in it is true and accurate to the best of his/her information and belief. The undersigned further represents that the applicant has read the Charter School Law and agrees to be governed by it, other applicable laws, and SBE regulations. Additionally, we understand the final approval of the charter is contingent Preliminary Charter Schools- CHTR 013, all new nonprofit boards receiving a charter must participate in a year-long planning program prior to the charter school's opening for students. The planning year provides an applicant time to prepare for the implementation of the school's curricular, financial, marketing, and facility plans. During this planning year, regular meetings are held with the Board of Directors and consultants from the Office of Charter Schools to provide information on the following topics: school opening plans, staff development, finance, governance, board training, marketing, policies and procedures, securing a school site, and hiring a school administrator. Final approval of the charter will be contingent upon successfully completing all of the planning program requirements.

Print/Type Name: Nancy McDaniel

Board Position: Board Chair

Signature: Nancy McDaniel

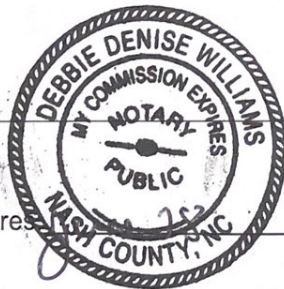
Date: July 24, 2020

Sworn to and subscribed before me this 24 day of July, 2020.

Notary Public: _____

Official Seal:

My commission expires July 23, 2023.



TORCHLIGHT ACADEMY SCHOOLS LLC

2664 Timber Drive
Unit 111
Garner, NC 27529
919-538-8060

July 15, 2020

To Whom It May Concern:

Please let it be known that Torchlight Academy Schools LLC is committed to supplying your schools with a turnkey solution for your startup year and beyond. We will provide the facility, all furnishings, fixtures, refrigeration and warmers for food service as part of our facilities lease agreement. We will also provide \$50,000 (fifty thousand dollars) in working capital to aid in student recruitment, the acquisition of supplies, insurance and other materials needed to open on time.

Thank you for allowing us to serve the children of your community.

Cordially,

A handwritten signature in blue ink that reads "Don McQueen". The signature is fluid and cursive, with the first name "Don" being particularly prominent.

Don McQueen

CEO

Torchlight Academy Schools LLC



REVIEWED

By LGC at 9:23 am, Nov 22, 2016

Darrell L. Keller, CPA, PA

**TORCHLIGHT ACADEMY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

(704) 739-0771

Torchlight Academy
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 as of June 30, 2016

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Torchlight Academy, Raleigh, North Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Torchlight 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 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, the business-type activities, and each major fund of Torchlight Academy, Raleigh, North Carolina, as of June 30, 2016, 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 3–10 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.

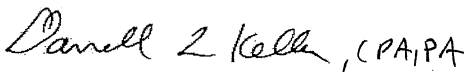
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Torchlight Academy, Raleigh, North Carolina's basic financial statements. The combining and individual non-major fund financial statements, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost 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 are the responsibility of management and were derived from and relate 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 financial 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 2, 2016, on our consideration of Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and compliance.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
October 2, 2016

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

As management of Torchlight Academy, we offer readers of Torchlight Academy's audited financial statements this narrative overview and analysis of the financial activities of Torchlight Academy for the fiscal year ended June 30, 2016. 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. Effective July 1, 2015 the School entered into a services agreement with Torchlight Academy School, LLC (TAS) which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. TAS also provides the facility in which the school operates as a part of the fee received. The fee for this agreement is 100% of the school's revenue from whatever source derived.

Financial Highlights

- The assets of the Torchlight Academy exceeded its liabilities and deferred inflows at the close of the fiscal year by \$468,049 (*net position*).
- The school's total net position decreased by \$276,843.
- As of the close of the current fiscal year, Torchlight Academy's governmental funds reported combined ending fund balances of \$320,068 a decrease of \$230,172.
- The 2014-2015 ADM was 439 and the 2015-2016 ADM is 520.

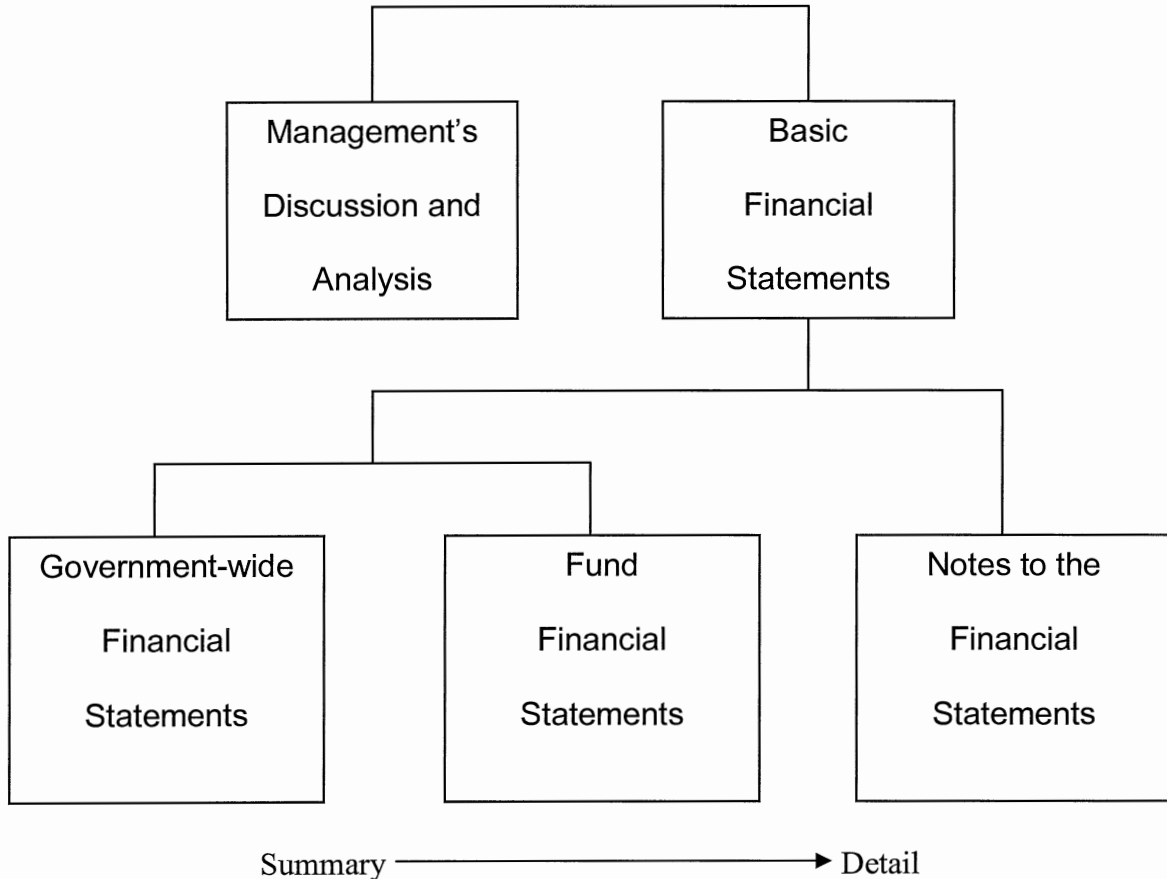
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Torchlight 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 distinct financial perspectives 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 Torchlight Academy.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

Figure 1

Required Components of Annual Financial Report



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 segments of the School's government. These statements are more detailed than the government-wide financial 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 are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

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 the financial statements 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. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. This includes the Food Lunch Program services carried out by Torchlight Academy.

The government-wide financial statements are enumerated in 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 used to maintain control over resources that have been segregated for specific activities or objectives. Torchlight Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance, where and when applicable. All of the funds of Torchlight Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for 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 monies remaining at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

Torchlight 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 – Torchlight 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. Torchlight Academy uses enterprise funds to account for the school lunch program.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Torchlight Academy exceeded liabilities by \$468,049 as of June 30, 2016. As of June 30, 2015, the net position of Torchlight Academy stood at \$744,892. The School's net position decreased by \$276,843 for the fiscal year ended June 30, 2016, compared to an increase of \$260,183 in 2015. One of the largest portions \$163,425 reflects the School's investment in capital assets (e.g. land, buildings and improvements, instructional equipment, and vehicles) less any related debt still outstanding that was issued to acquire those items. Torchlight Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Torchlight 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 \$304,624 is unrestricted. In 2015, the amount of net investment in capital assets net of related debt was \$210,096. The remaining \$534,796 was unrestricted net position for that year.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

Figure 2
Torchlight Academy's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 254,445	\$ 613,504	\$ 4,094	\$ -	\$ 258,539	\$ 613,504
Due from other governments	94,587	-	48,899	32,024	143,486	32,024
Capital assets, net of depreciation	163,425	210,096	-	-	163,425	210,096
Total Assets	512,457	823,600	52,993	32,024	565,450	855,624
Other Liabilities	\$ 28,964	\$ 45,862	\$ 68,437	\$ 47,468	\$ 97,401	\$ 93,330
Long-term Liabilities Outstanding	-	-	-	-	-	-
Total Liabilities	28,964	45,862	68,437	47,468	97,401	93,330
Deferred inflows of resources	\$ -	\$ 17,402	\$ -	\$ -	\$ 10,000	\$ -
Net Position:						
Net investment in capital assets	\$ 163,425	\$ 210,096	\$ -	\$ -	\$ 163,425	\$ 210,096
Unrestricted	320,068	550,240	(15,444)	(15,444)	304,624	534,796
Total Net Position	\$ 483,493	\$ 760,336	\$ (15,444)	\$ (15,444)	\$ 468,049	\$ 744,892

Several aspects of the School's financial operations 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 several federal grants to assist with meeting the educational needs of the student population.
- The School paid for salaries and benefits of six employees from fund balance.
- The School entered into an agreement with a management company in the current fiscal year.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

Figure 3
Torchlight Academy's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Donations and Other Revenues	\$51,636	\$26,327	\$ -	\$ -	\$51,636	\$ 26,327
Charges for Services	-	-	6,281	2,473	6,281	-
Operating Grants and Contributions	-	-	419,498	269,525	419,498	269,525
County, State, and Federal Funds	4,313,740	3,740,020	-	-	4,313,740	3,740,020
Total revenues	4,365,376	3,766,347	425,779	271,998	4,791,155	4,035,872
Instructional Services	4,616,489	1,934,398	-	-	4,616,489	1,934,398
System-wide support services	25,730	1,554,168	-	-	25,730	1,554,168
School Lunch	-	-	425,779	287,442	425,779	287,442
Interest on long-term debt	-	2,154	-	-	-	2,154
Total expenses	4,642,219	3,490,720	425,779	287,442	5,067,998	3,778,162
Increase in net position	\$ (276,843)	275,627	-	(15,444)	(276,843)	260,183
Transfers	-	-	-	-	-	-
Net position, July 1	760,336	484,709	(15,444)	-	744,892	484,709
Net position, June 30	\$483,493	\$760,336	\$ (15,444)	\$ (15,444)	\$468,049	\$744,892

Governmental activities. Governmental activities decreased the School's net position by \$276,843.

Business-type activities. Business-type activities of Torchlight Academy's net position remained unchanged.

Financial Analysis of the School's Funds

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

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

**Management's Discussion and Analysis
Torchlight Academy
June 30, 2016**

The general fund is the chief operating fund of Torchlight Academy. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$320,068.

Proprietary Funds. The School's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Food Service Fund at the end of the fiscal year amounted to (\$15,444). 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. Torchlight Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$163,425 (net of accumulated depreciation). Capital assets include land, buildings and improvements, instructional equipment, and vehicles.

**Figure 4
Torchlight Academy's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Classroom Equipment	\$ 53,876	\$ 83,379	\$ -	\$ -	\$ 53,876	\$ 83,379
Computer Equipment	-	-	-	-	-	-
Leasehold Improvements	90,481	96,615	-	-	90,481	96,615
Security System	-	-	-	-	-	-
Vehicles	19,068	30,102	-	-	19,068	30,102
Total	\$ 163,425	\$210,096	\$ -	\$ -	\$ 163,425	\$ 210,096

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

Management's Discussion and Analysis
Torchlight Academy
June 30, 2016

Long-term Debt. As of June 30, 2016, Torchlight Academy had no outstanding debt.

Economic Factors

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

- The improving academic performance of Torchlight Academy student body has formed a reputation of excellence that ensures a solid foundation for maintained enrollment and consequent stream of funding per pupil amounts.
- The School has improved its facilities, which will not only cement excitement and a feeling of permanence in the community, but should also strengthen the school financially.
- The School received a ten year renewal of its charter effective July 1, 2014.

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 Executive Director, Torchlight Academy, 3211 Bramer Drive, Raleigh, North Carolina 27604. (919) 850-9960

FINANCIAL STATEMENTS

Torchlight Academy
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 237,305	\$ 4,094	\$ 241,399
Receivables (net)	4,672	-	4,672
Due from other governments	94,587	48,899	143,486
Due from (to) other funds	12,468	(12,468)	-
Prepaid expense	-	-	-
Capital assets (Note 1):			
Land, improvements, and construction in progress	-	-	-
Other capital assets, net of depreciation	163,425	-	163,425
Total capital assets	163,425	-	163,425
Total assets	512,457	40,525	552,982
LIABILITIES			
Accounts payable and accrued expenses	28,964	55,969	84,933
Bank line of credit	-	-	-
Payroll Taxes payable	-	-	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	28,964	55,969	84,933
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	163,425	-	163,425
Unrestricted	320,068	(15,444)	304,624
Total net position	\$ 483,493	\$ (15,444)	\$ 468,049

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services	\$ 4,616,489	\$ -	\$ -	\$ -	\$ (4,616,489)	\$ -	\$ (4,616,489)
System-wide support services	25,730	-	-	-	(25,730)	-	(25,730)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	4,642,219	-	-	-	(4,642,219)	-	(4,642,219)
Business-type activities:							
School Lunch	425,779	6,281	419,498	-	-	-	-
Total business-type activities	425,779	6,281	419,498	-	-	-	-
Total primary government	\$ 5,067,998	\$ 6,281	\$ 419,498	\$ -	(4,642,219)	-	(4,642,219)
General revenues:							
Unrestricted LEA appropriations					1,178,401	-	1,178,401
Unrestricted State appropriations					2,767,329	-	2,767,329
Unrestricted Federal appropriations					368,010	-	368,010
Donations - general					-	-	-
Miscellaneous, unrestricted					51,636	-	51,636
Loss on abandonment of assets					-	-	-
Total general revenues, special items, and transfers					4,365,376	-	4,365,376
Change in net position					(276,843)	-	(276,843)
Net position-beginning					760,336	(15,444)	744,892
Net position-ending					\$ 483,493	\$ (15,444)	\$ 468,049

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Balance Sheet
Governmental Funds
June 30, 2016**

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
ASSETS				
Cash and cash equivalents	\$ 237,305	\$ -	\$ -	\$ 237,305
Accounts Receivable	4,672	-	-	4,672
Prepaid expenses	-	-	-	-
Due from other governments	94,587	-	-	94,587
Due from other funds	12,468	-	-	12,468
Total assets	\$ 349,032	\$ -	\$ -	\$ 349,032
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 28,964	\$ -	\$ -	\$ 28,964
Bank line of credit	-	-	-	-
Payroll Taxes Payable	-	-	-	-
Total liabilities	28,964	-	-	28,964
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid expenses	-	-	-	-
Unassigned	320,068	-	-	320,068
Total fund balances	320,068	-	-	320,068
Total liabilities, deferred inflows of resources, and fund balances	\$ 349,032	\$ -	\$ -	

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.	163,425
Liabilities for earned but unavailable revenues in fund statements.	-
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 (Note 5).	-
Net position of governmental activities	\$ 483,493

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
REVENUES				
State of North Carolina	\$ 17,401	\$ 2,767,329	\$ -	\$ 2,784,730
Durham County Schools	9,404	-	-	9,404
Franklin County Schools	308	-	-	308
Wake County Schools	1,165,159	-	-	1,165,159
Johnston County Schools	3,524	-	-	3,524
Vance County Schools	6	-	-	6
U.S. Government	-	-	368,010	368,010
Contributions and donations	-	-	-	-
Other	34,235	-	-	34,235
Total revenues	1,230,037	2,767,329	368,010	4,365,376
EXPENDITURES				
Current:				
Instructional services:	1,453,946	2,765,030	368,010	4,586,986
System-wide support services	6,263	2,299	-	8,562
Capital outlay:	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	1,460,209	2,767,329	368,010	4,595,548
Excess (deficiency) of revenues over expenditures	(230,172)	-	-	(230,172)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(230,172)	-	-	(230,172)
Fund balances-beginning	550,240	-	-	550,240
Fund balances-ending	\$ 320,068	\$ -	\$ -	\$ 320,068

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

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

Net changes in fund balances - total governmental funds	\$ (230,172)
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 depreciation exceeded capital outlay in the current period	(46,671)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Proceeds from sale of assets	-
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
Difference in accrued interest payable and interest expensed on fund statements	-
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.	
Other	-
Loss on disposal of assets	-
	<hr/>
Total changes in net position of governmental activities	<u><u>\$ (276,843)</u></u>

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Net Position
Proprietary Fund
June 30, 2016**

	School Lunch
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,094
Due from other governments	48,899
Total current assets	52,993
Noncurrent assets:	
Capital assets:	
Furniture and office equipment, net	-
Computer equipment, net	-
Total noncurrent assets	-
Total assets	\$ 52,993
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 55,969
Due to other funds	12,468
Total current liabilities	68,437
Long-term liabilities:	
Due within one year	-
Due in more than one year	-
Total long-term liabilities	-
Total liabilities	68,437
NET POSITION	
Net investment in capital assets	-
Unrestricted	(15,444)
Total net position	\$ (15,444)

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	School Lunch
OPERATING REVENUES	
Food Sales	\$ 6,281
Total operating revenues	6,281
OPERATING EXPENSES	
Contracted services	408,823
Materials and supplies	16,956
Other	-
Total operating expenses	425,779
Operating income (loss)	(419,498)
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	-
Federal reimbursements	419,498
Change in net position	-
Total net position - beginning	(15,444)
Total net position - ending	\$ (15,444)

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016**

	School Lunch
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 6,281
Cash paid for goods and services	(421,685)
Net cash provided (used) by operating activities	(415,404)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	419,498
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in (out)	-
Net cash provided (used) by capital and related financing activities	-
Net increase (decrease) in cash and cash equivalents	4,094
Balances-beginning of the year	-
Balances-end of the year	\$ 4,094
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (419,498)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
(Increase) Decrease in due from other governments	(16,875)
Increase (decrease) in accounts payable and accrued liabilities	55,969
Increase (decrease) in due to other funds	(35,000)
Total adjustments	4,094
Net cash provided by operating activities	\$ (415,404)

The notes to the financial statements are an integral part of this statement.

The Torchlight Academy, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2016

I. Summary of Significant Accounting Policies

The accounting policies of the Torchlight Academy, North Carolina (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

The Torchlight Academy is a public school operated by a local non-profit corporation, serving approximately 540 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.

B. Basis of Presentation

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.

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.

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.

Federal Grants Fund. The Federal Grants Fund includes grants from the federal government passed through the Department of Public Instruction for specifically identified programs.

The School reports the following major enterprise fund:

School Lunch. The School Lunch Fund is used to account for the school lunch program within the school system.

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 are 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

An annual budget is adopted on a unit-wide level rather than by individual funds. 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 effects of which were not material. The budget presented in these financial statements represents the budget of the School at June 30, 2016. 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. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, and certificates of deposit. The School does not have a custodial risk policy.

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. The School does not have a deposit policy for custodial credit risk.

3. 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 \$5,000 with an estimated useful life of three or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. 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	7-39
Classroom furniture and equipment	7
Motor vehicles	5
Security system	5
Computer equipment	5

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. 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 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 the criterion for this category.

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 applicable governmental activities, business-type activities, or proprietary fund-type 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

Employees do not accumulate vacation pay. The policy of the School provides for five days of sick leave for teachers and they can carryover. Unused time is not compensated.

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:

Non-spendable 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 fuel which is not a spendable resource.

Restricted Fund Balance-This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance-portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance-portion of fund balance that Torchlight Academy intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Finance Officer to modify the appropriations by resource or appropriation within funds up to \$2,500.

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.

Torchlight Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

8. 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 \$163,425 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).	\$537,846
Less accumulated depreciation	(374,421)
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:	
Bonds, leases, and installment financing	-
Proceeds from sale of assets	-
Accrued interest payable	-
Total adjustment	<u>\$163,425</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Torchlight 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. Wake County Board of Education) 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-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, 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. [G.S. 115C-238.29H(b)]. For the fiscal year ended June 30, 2016, the Torchlight Academy received funding from the Board of Education for Wake County Schools, Durham County, Franklin County, and Johnston County.

Furthermore, Torchlight Academy has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School's facilities.

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 (\$46,671) 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.	(46,671)
New debt issued during the year is recorded as a source of funds on the fund statements but has not effect on the statement of activities, only the statement of net position.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	-
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.	
Other	-
Loss on sale of assets	-
Total	<u>(\$46,671)</u>

II. Stewardship, Compliance, and Accountability

A. Violation of State General Statutes

1. None

B. Deficit Fund Balance or Net Position of Individual Funds

The School Lunch Fund has a deficit balance of \$15,444. This was created because the General Fund paid expenses for the lunch fund. We recommend the school transfer the funds in the current year to correct this deficit balance.

The School will make this transfer in the current year. The School will also transfer the additional amount due to the General Fund from the June 30, 2016 year end in order to prevent this from happening in the June 30, 2017 financial statements.

C. Payroll Tax Penalties

During the current year the School paid \$54.45 in payroll tax penalties. This was for the quarter ended June 30, 2014 that the school was disputing. IRS drafted their bank account and the school has been unable to resolve the dispute.

The School is not going to pursue the issue any further as the amount is not material.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2016, the School had deposits with banks and savings and loans with a carrying amount of \$241,399. The bank balance with the financial institutions was \$259,932, of which \$259,932 was covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

2. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Equipment & furniture	222,870	-	-	222,870
Computer equipment	24,993	-	-	24,993
Security system	13,335	-	-	13,335
Vehicles	115,616	-	-	115,616
Leasehold improvements	161,032	-	-	161,032
Total capital assets being depreciated	<u>537,846</u>	-	-	<u>537,846</u>
Less accumulated depreciation for:				
Equipment & furniture	139,491	29,503	-	168,994
Computer equipment	24,993	-	-	24,993
Security system	13,335	-	-	13,335
Vehicles	85,514	11,034	-	96,548
Leasehold improvements	64,417	6,134	-	70,551
Total accumulated depreciation	<u>327,750</u>	<u>\$ 46,671</u>	<u>\$ -</u>	<u>374,421</u>
Total capital assets being depreciated, net	<u>210,096</u>			<u>163,425</u>
Governmental activity capital assets, net	<u>\$ 210,096</u>			<u>\$ 163,425</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 29,503
Supporting services	17,168
	<u>\$46,671</u>

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The School has adopted a 401(K) defined contribution plan for the benefit of the employees. The School matches employee contributions up to 25% of employee contributions up to 4% of compensation. At June 30, 2016, all eligible employees of the School were included in the plan. For the year ended June 30, 2016, the pension cost to the School was \$1,625.

The School adopted a Non-Qualified Annuity Plan for the Executive Director and the School Principal in 2010. Contributions to the annuity for the year ended June 30, 2016 and 2015 was \$0 and \$40,000 respectively.

Effective July 1, 2015, all employees except for six that hold HB1 Visa's became employees of the management company. As these employees obtain green cards, they will become employees of the management company as well.

b. Post Employment Benefits

Torchlight Academy does not offer post-employment benefits.

2. Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of the following:

	<u>Unavailable Revenue</u>
Sales Tax Refund Receivable	\$ -

3. 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 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. Because the School is not in a flood plain area that has been designated by FEMA, the School does not carry flood insurance.

4. Claims and Judgments

At June 30, 2016, the School was not involved in any legal proceedings.

5. Long-Term Obligations

The School has no long term debt.

6. Related Party Transactions

During the year ended June 30, 2016, the School engaged in the following related party transactions:

Employees and Officers:

The Chair of the board of directors is also the spouse of one of the members of the board of directors. No monetary transactions with these individuals occurred.

C. Interfund Balances and Activity

Due to the General Fund from the Proprietary Fund to reimburse the fund for food purchased during the fiscal year.

\$12,468

D. Fund Balance

Torchlight Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Torchlight Academy funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balances, 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.

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

<i>Total fund balance</i>	\$ 320,068
Less:	
Prepaid expenses	-
Appropriated Fund Balance in 2017 budget	-
Remaining Fund Balance	\$ 320,068

IV. 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 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.

V. Commitments and Contingencies

The School has entered into a services agreement (the agreement) with Torchlight Academy School, LLC (TAS) effective July 1, 2015 which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, TAS also provides the facility in which the School operates. The fee for these services are 100% of all revenues received by the School. The agreement will continue until termination of charter, inclusive of any charter renewals, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or TSA.

VI. Contracted Service Fee

TAS has informed the School that the contracted service fee recognized in the Statement of Activities for the year ended June 30, 2016, includes payment of the following:

Instructional services:	
Regular Instructional Services	\$ 1,335,946
Special Population Services	143,660
Alternative Programs and Services	330,499
School Leadership Services	328,719
School Based Support Services	<u>5,284</u>
Total instructional services	<u>\$ 2,144,108</u>
System-wide support services:	
Technology Support Services	71,239
Operational Support Services	590,598
Financial and Human Resource Services	44,711
Policy, Leadership, and Public Relations Services	697,883
Management Fee	<u>873,106</u>
Total system-wide support services	<u>2,277,537</u>
Nutritional Services	<u>332,541</u>
Total Contracted Service Fee	\$ 4,754,186

Contracted Service Fee reconciliation to Statement of Activities:

Contracted Service Fee	\$ 4,754,186
School Expense	
Instructional	271,126
System-wide Support	25,730
Nutritional Services	<u>16,956</u>
Total Primary Government Expenses per Statement of Activities	<u>\$ 5,067,998</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	2016		Favorable (Unfavorable) Variance
	Final Budget	Actual	
Revenues:			
State of North Carolina	\$ 2,660,149	\$ 2,784,730	\$ 124,581
Board(s) of Education:			
Durham County Schools	4,668	9,404	4,736
Franklin County Schools	-	308	308
Wake County Schools	1,128,990	1,165,159	36,169
Johnston County Schools	11,680	3,524	(8,156)
Vance County Schools	-	6	6
U.S. Government	281,301	368,010	86,709
Donations	-	-	-
Food sales	-	6,281	6,281
Others	27,324	34,235	6,911
Total	<u>4,114,112</u>	<u>4,371,657</u>	<u>257,545</u>
Expenditures:			
Current:			
Instructional services:			
Regular curricular services	-	4,173,353	-
Special populations services	-	129,723	-
Alternative programs and services	-	233,018	-
School leadership services	-	50,892	-
Co-Curricular Services	-	-	-
School-Based Support Services	-	-	-
Total instructional programs	<u>3,766,842</u>	<u>4,586,986</u>	<u>(820,144)</u>
System-wide support services:			
Support and development services		-	
Special population support and development services		-	
Technology support services		-	
Operational support services		(200)	
Financial and human resource services		2,930	
Policy, leadership and public relations services		5,832	
Nutritional services		-	
Total support services	<u>25,000</u>	<u>8,562</u>	<u>16,438</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	2016		Favorable (Unfavorable) Variance
	Final Budget	Actual	
School Lunch Fund			
Contracted Services	-	408,823	(408,823)
Food purchases	-	16,956	(16,956)
Other	-	-	-
Total school lunch fund	<u>256,418</u>	<u>425,779</u>	<u>(169,361)</u>
Capital outlay	<u>143,000</u>	<u>-</u>	<u>143,000</u>
Debt service:			
Principal	59,950	-	59,950
Interest and other charges	1,478	-	1,478
Total debt service	<u>61,428</u>	<u>-</u>	<u>61,428</u>
Total expenditures	<u>4,252,688</u>	<u>5,021,327</u>	<u>(768,639)</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Federal reimbursements	<u>256,418</u>	<u>419,498</u>	<u>163,080</u>
Total other financing sources and (uses)	<u>256,418</u>	<u>419,498</u>	<u>163,080</u>
Excess of revenue over expenditures	<u>\$ 117,842</u>	<u>\$ (230,172)</u>	<u>\$ (348,014)</u>

**INDEPENDENT AUDITOR'S 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
Torchlight Academy
Raleigh, 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, and each major fund, of Torchlight Academy, Raleigh, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Torchlight Academy, Raleigh, North Carolina's basic financial statements and have issued our report thereon dated October 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Torchlight Academy, Raleigh, North Carolina'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.

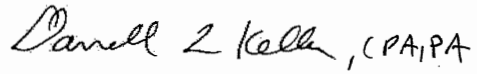
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations,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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Torchlight Academy, Raleigh, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in black ink that reads "Darrell L. Keller, CPA, PA". The signature is written in a cursive style.

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
October 2, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on Compliance for Each Major Federal program

We have audited Torchlight Academy, Raleigh, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and 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 Torchlight Academy, Raleigh, North Carolina's major federal programs for the year ended June 30, 2016. Torchlight Academy, Raleigh, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Torchlight Academy, Raleigh, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, 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 federal program occurred. An audit includes examining, on a test basis, evidence about Torchlight Academy, Raleigh, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Torchlight Academy, Raleigh, North Carolina's compliance.

Opinion on Each Major Federal program

In our opinion, Torchlight Academy, Raleigh, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

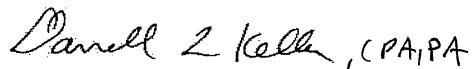
Management of Torchlight Academy, Raleigh, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Torchlight Academy, Raleigh, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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 Torchlight Academy, Raleigh, North Carolina's internal control over compliance.

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

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

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



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
October 2, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on Compliance for Each Major State Program

We have audited Torchlight Academy, Raleigh, North Carolina'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 each of Torchlight Academy, Raleigh, North Carolina's major state programs for the year ended June 30, 2016. Torchlight Academy, Raleigh, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Torchlight Academy, Raleigh, North Carolina'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 applicable sections of Title 2 US *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 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 Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, Torchlight Academy, Raleigh, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

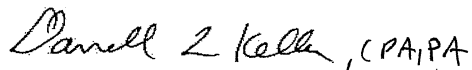
Management of Torchlight Academy, Raleigh, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Torchlight Academy, Raleigh, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Torchlight Academy, Raleigh, North Carolina'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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
October 2, 2016

TORCHLIGHT ACADEMY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- * Material weaknesses(es) identified? ___Yes No
- * Significant Deficiency(s) identified that are not considered to be material weaknesses ___Yes None Reported

Noncompliance material to financial statements notes ___Yes No

Federal Awards

Internal control over major Federal programs:

- * Material weakness(es) identified? ___Yes No
- * Significant Deficiency(s) identified that are not considered to be material weaknesses ___Yes None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified for all federal programs.

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

Identification of major Federal programs:

<u>CFDA No.</u>	<u>Program Name</u>
10.555	National School Breakfast and Lunch Program
Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000	

Auditee qualified as low risk auditee? ___Yes No

State Awards

Internal control over major State programs:

- * Material weakness(es) identified? ___Yes No
- * Significant deficiency(s) identified that are not considered to be material weaknesses ___Yes None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified

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

Identification of major State programs:

Program Name
 State Public School Fund

TORCHLIGHT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV-State Award Findings and Questioned Costs

None reported

TORCHLIGHT ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDITING FINDINGS
YEAR ENDED JUNE 30, 2016

Finding: None

Status: N/A

TORCHLIGHT ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2016

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL GRANTS:			
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
Special Education-Grants to States (IDEA, Part B)- Education of the Handicapped	84.027	PRC 060	\$ 129,723
Title I, Part A:			
Title I Grants to Local Education Agencies (Title I, Part A)	84.010	PRC 050	228,000
Improving Teacher Quality State Grants	84.367	PRC 103	10,287
<u>U.S. Department of Agriculture</u>			
<u>School Nutrition Program (Note 3)</u>			
<u>Child Nutrition Cluster:</u>			
<u>Non-Cash Assistance (Commodities)</u>			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	16,956
<u>Cash Assistance</u>			
Passed through the N.C. Department of Public Instruction			
National School Breakfast & Lunch Program	10.555	PRC 035	402,541
Total School Nutrition Program			419,497
TOTAL FEDERAL ASSISTANCE			<u>787,507</u>
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			2,767,329
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 3,554,836</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of Torchlight Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. 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 Torchlight Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Torchlight Academy.

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.

3. Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program.

DLK

Darrell L. Keller, CPA, PA

**TORCHLIGHT ACADEMY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

(704) 739-0771

TORCHLIGHT ACADEMY, INC.

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Torchlight Academy, Raleigh, North Carolina as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Torchlight 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 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, the business-type activities, and each major fund Torchlight Academy, Raleigh, North Carolina, 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 3–10 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 Torchlight Academy, Raleigh, North Carolina's basic financial statements. The combining and individual non-major fund financial statements, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost 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 are the responsibility of management and were derived from and relate 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 financial 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 December 30, 2018, on our consideration of Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and compliance.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
January 19, 2019

Management's Discussion and Analysis
Torchlight Academy
June 30, 2018

As management of Torchlight Academy, we offer readers of Torchlight Academy's audited financial statements this narrative overview and analysis of the financial activities of Torchlight 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. Effective July 1, 2015 the School entered into a services agreement with Torchlight Academy School, LLC (TAS) which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. TAS also provides the facility in which the school operates as a part of the fee received. The fee for this agreement is 100% of the school's revenue from whatever source derived.

Financial Highlights

- The assets of the Torchlight Academy exceeded its liabilities and deferred inflows at the close of the fiscal year by \$280,450 (*net position*).
- The school's total net position increased by \$23,032.
- As of the close of the current fiscal year, Torchlight Academy's governmental funds reported combined ending fund balances of \$204,089 an increase of \$93,753.
- The 2016-2017 ADM was 540 and the 2017-2018 ADM is 508.

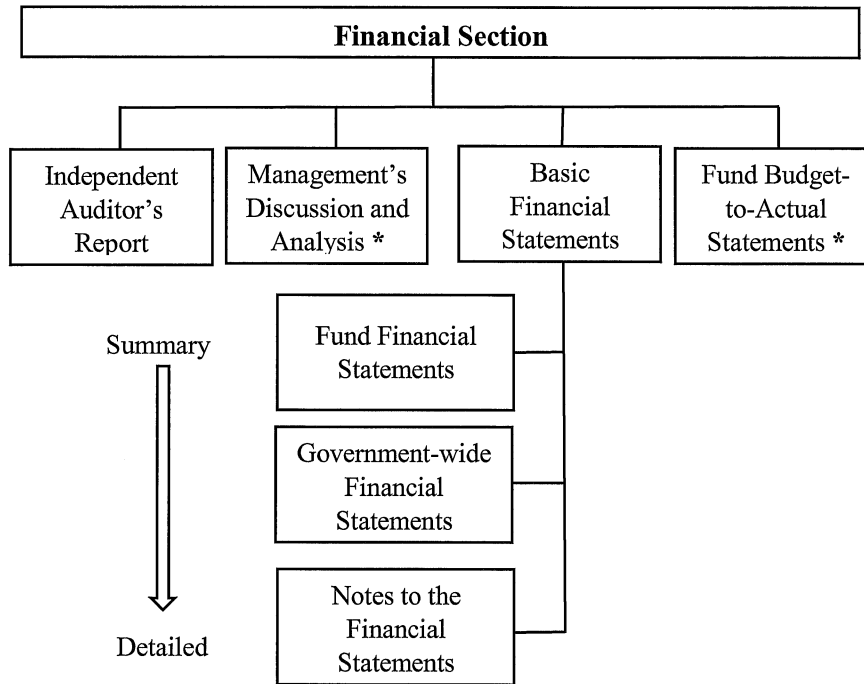
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Torchlight 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 distinct financial perspectives of the School through the use of government-wide statements and 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 Torchlight Academy.

**Management's Discussion and Analysis
Torchlight Academy
June 30, 2018**

Figure 1

Required Components of Annual Financial Report



* 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 segments of the School's government. These statements are more detailed than the government-wide financial 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 are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2018

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 the financial statements 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. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. This includes the Food Lunch Program services carried out by Torchlight Academy.

The condensed government-wide financial statements are enumerated in 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 used to maintain control over resources that have been segregated for specific activities or objectives. Torchlight Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance, where and when applicable. All of the funds of Torchlight Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for 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 monies remaining 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 gives 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 government 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.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2018

Torchlight 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 – Torchlight 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. Torchlight Academy uses enterprise funds to account for the school lunch program.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Torchlight Academy exceeded liabilities by \$280,450 as of June 30, 2018. As of June 30, 2017, the net position of Torchlight Academy stood at \$257,418. The School's net position increased by \$23,032 for the fiscal year ended June 30, 2018, compared to a decrease of \$210,631 in 2017. One of the largest portions \$84,735 reflects the School's investment in capital assets (e.g. land, buildings and improvements, instructional equipment, and vehicles) less any related debt still outstanding that was issued to acquire those items. Torchlight Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Torchlight 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 \$195,715 is unrestricted. In 2017, the amount of net investment in capital assets net of related debt was \$122,884. The remaining \$134,534 was unrestricted net position for that year.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2018

A condensed statement of net position which summarizes the assets, liabilities, deferred inflows of resources and net position at June 30, 2018 and 2017 is as follows:

Figure 2
Torchlight Academy's Condensed Statement Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 219,252	\$ 122,051	\$ 4,094	\$ 4,816	\$ 223,346	\$ 126,867
Due from other governments	1,687	99,000	21,779	31,850	23,466	130,850
Capital assets, net of depreciation	84,735	122,884	-	-	84,735	122,884
Total Assets	305,674	343,935	25,873	36,666	331,547	380,601
Other Liabilities	\$ 16,850	\$ 110,715	\$ 34,247	\$ 12,468	\$ 51,097	\$ 123,183
Long-term Liabilities Outstanding	-	-	-	-	-	-
Total Liabilities	16,850	110,715	34,247	12,468	51,097	123,183
Deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Net Position:						
Net investment in capital assets	\$ 84,735	\$ 122,884	\$ -	\$ -	\$ 84,735	\$ 122,884
Unrestricted	204,089	110,336	(8,374)	24,198	195,715	134,534
Total Net Position	\$ 288,824	\$ 233,220	\$ (8,374)	\$ 24,198	\$ 280,450	\$ 257,418

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

- The School applied for and was awarded several federal grants to assist with meeting the educational needs of the student population.
- The School entered into an agreement with a management company in the prior fiscal year.

**Management's Discussion and Analysis
Torchlight Academy
June 30, 2018**

Revenues, expenses, transfers and the changes in net position is summarized in the following condensed statement of activities for the years ended June 30, 2018 and 2017:

**Figure 3
Torchlight Academy's Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Donations and Other Revenues	\$ 5,745	\$62,639	\$ -	\$ -	\$ 5,745	\$ 62,639
Charges for Services	-	-	4,585	8,619	4,585	-
Operating Grants and Contribution	-	-	387,516	420,324	387,516	420,324
County, State, and Federal Funds	4,703,837	4,586,256	-	-	4,703,837	4,586,256
Total revenues	4,709,582	4,648,895	392,101	428,943	5,101,683	5,069,219
Instructional Services	3,242,913	4,886,085	-	-	3,242,913	4,886,085
System-wide support services	1,411,065	13,083	-	-	1,411,065	13,083
School Lunch	-	-	424,673	389,301	424,673	389,301
Interest on long-term debt	-	0	-	-	-	0
Total expenses	4,653,978	4,899,168	424,673	389,301	5,078,651	5,288,469
Increase in net position	\$ 55,604	(250,273)	(32,572)	39,642	23,032	-210,631
Transfers	-	-	-	-	-	-
Net position, July 1	233,220	483,493	24,198	(15,444)	257,418	468,049
Net position, June 30	\$ 288,824	\$ 233,220	\$ (8,374)	\$ 24,198	\$ 280,450	\$ 257,418

Governmental activities. Governmental activities increased the School's net position by \$55,604.

Business-type activities. Business-type activities of Torchlight Academy's net position decreased the net position by \$32,572.

Financial Analysis of the School's Funds

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

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

**Management's Discussion and Analysis
Torchlight Academy
June 30, 2018**

The general fund is the chief operating fund of Torchlight Academy. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$204,089.

Proprietary Funds. The School's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Food Service Fund at the end of the fiscal year amounted to (\$8,374). 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. Torchlight Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$84,735 (net of accumulated depreciation). Capital assets include land, buildings and improvements, instructional equipment, and vehicles.

The following schedule summarizes the School's capital assets as of June 30, 2018 and 2017:

**Figure 4
Torchlight Academy's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Classroom Equipment	\$ -	\$ 25,917	\$ -	\$ -	\$ -	\$ 25,917
Computer Equipment	-	-	-	-	-	-
Leasehold Improvements	78,213	84,347	-	-	78,213	84,347
Security System	-	-	-	-	-	-
Vehicles	6,522	12,620	-	-	6,522	12,620
Total	\$ 84,735	\$122,884	\$ -	\$ -	\$ 84,735	\$ 122,884

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

Long-term Debt. As of June 30, 2018, Torchlight Academy had no outstanding debt.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2018

Economic Factors

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

- The improving academic performance of Torchlight Academy student body has formed a reputation of excellence that ensures a solid foundation for maintained enrollment and consequent stream of funding per pupil amounts.
- The School has improved its facilities, which will not only cement excitement and a feeling of permanence in the community, but should also strengthen the school financially.
- The School received a ten year renewal of its charter effective July 1, 2014.

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 Executive Director, Torchlight Academy, 3211 Bramer Drive, Raleigh, North Carolina 27604. (919) 850-9960

FINANCIAL STATEMENTS

Torchlight Academy
Statement of Net Position
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 206,784	\$ 4,094	\$ 210,878
Receivables (net)	-	-	-
Due from other governments	1,687	21,779	23,466
Internal balances	12,468	(12,468)	-
Prepaid expense	-	-	-
Capital assets (Note 1):			
Land, improvements, and construction in progress	-	-	-
Other capital assets, net of depreciation	84,735	-	84,735
Total capital assets	84,735	-	84,735
Total assets	305,674	13,405	319,079
LIABILITIES			
Accounts payable and accrued expenses	6,073	21,779	27,852
Bank line of credit	-	-	-
Payroll Taxes payable	10,777	-	10,777
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	16,850	21,779	38,629
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	84,735	-	84,735
Unrestricted	204,089	(8,374)	195,715
Total net position	\$ 288,824	\$ (8,374)	\$ 280,450

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services	\$ 3,242,913	\$ -	\$ -	\$ -	\$ (3,242,913)	\$ -	\$ (3,242,913)
System-wide support services	1,411,065	-	-	-	(1,411,065)	-	(1,411,065)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	4,653,978	-	-	-	(4,653,978)	-	(4,653,978)
Business-type activities:							
School Lunch	424,673	4,585	387,516	-	-	(32,572)	(32,572)
Total business-type activities	424,673	4,585	387,516	-	-	(32,572)	(32,572)
Total primary government	\$ 5,078,651	\$ 4,585	\$ 387,516	\$ -	(4,653,978)	(32,572)	(4,686,550)
General revenues:							
Unrestricted LEA appropriations					1,193,857	-	1,193,857
Unrestricted State appropriations					3,130,973	-	3,130,973
Unrestricted Federal appropriations					379,007	-	379,007
Donations - general					2,462	-	2,462
Miscellaneous, unrestricted					3,283	-	3,283
Loss on abandonment of assets					-	-	-
Total general revenues, special items, and transfers					4,709,582	-	4,709,582
Change in net position					55,604	(32,572)	23,032
Net position-beginning					233,220	24,198	257,418
Net position-ending					\$ 288,824	\$ (8,374)	\$ 280,450

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Balance Sheet
Governmental Funds
June 30, 2018**

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
ASSETS				
Cash and cash equivalents	\$ 203,162	\$ 3,622	\$ -	\$ 206,784
Accounts Receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other governments	1,687	-	-	1,687
Due from other funds	12,468	-	-	12,468
Total assets	\$ 217,317	\$ 3,622	\$ -	\$ 220,939
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,451	\$ 3,622	\$ -	\$ 6,073
Bank line of credit	-	-	-	-
Payroll Taxes Payable	10,777	-	-	10,777
Total liabilities	13,228	3,622	-	16,850
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid expenses	-	-	-	-
Unassigned	204,089	-	-	204,089
Total fund balances	204,089	-	-	204,089
Total liabilities, deferred inflows of resources, and fund balances	\$ 217,317	\$ 3,622	\$ -	

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.

84,735

Liabilities for earned but unavailable revenues in fund statements.

-

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 (Note 5).

-

Net position of governmental activities

\$ 288,824

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
REVENUES				
State of North Carolina	\$ -	\$ 3,130,973	\$ -	\$ 3,130,973
Harnett County	1,136	-	-	1,136
Durham County Schools	20,245	-	-	20,245
Franklin County Schools	2,974	-	-	2,974
Wake County Schools	1,160,610	-	-	1,160,610
Johnston County Schools	6,790	-	-	6,790
Nash County	1,430	-	-	1,430
Vance County	672	-	-	672
U.S. Government	-	-	379,007	379,007
Contributions and donations	2,462	-	-	2,462
Other	3,283	-	-	3,283
Total revenues	1,199,602	3,130,973	379,007	4,709,582
EXPENDITURES				
Current:				
Instructional services:	772,887	2,106,019	364,007	3,242,913
System-wide support services	332,962	1,024,954	15,000	1,372,916
Capital outlay:	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	1,105,849	3,130,973	379,007	4,615,829
Excess (deficiency) of revenues over expenditures	93,753	-	-	93,753
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	93,753	-	-	93,753
Fund balances-beginning	110,336	-	-	110,336
Fund balances-ending	\$ 204,089	\$ -	\$ -	\$ 204,089

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
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	\$	93,753
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 depreciation exceeded capital outlay in the current period		(38,149)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Proceeds from sale of assets		-
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-
Difference in accrued interest payable and interest expensed on fund statements		-
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.		
Other		-
Loss on disposal of assets		-
		<hr style="border: 0.5px solid black;"/>
Total changes in net position of governmental activities	\$	<u><u>55,604</u></u>

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Net Position
Proprietary Fund
June 30, 2018**

	School Lunch
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,094
Due from other governments	21,779
Total current assets	25,873
Noncurrent assets:	
Capital assets:	
Furniture and office equipment, net	-
Computer equipment, net	-
Total noncurrent assets	-
Total assets	\$ 25,873
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 21,779
Due to other funds	12,468
Total current liabilities	34,247
Long-term liabilities:	
Due within one year	-
Due in more than one year	-
Total long-term liabilities	-
Total liabilities	34,247
NET POSITION	
Net investment in capital assets	-
Unrestricted	(8,374)
Total net position	\$ (8,374)

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	<u>School Lunch</u>
OPERATING REVENUES	
Food Sales	\$ 4,585
Total operating revenues	<u>4,585</u>
OPERATING EXPENSES	
Contracted services	407,567
Materials and supplies	17,106
Other	-
Total operating expenses	<u>424,673</u>
Operating income (loss)	<u>(420,088)</u>
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	-
Federal reimbursements	<u>387,516</u>
Change in net position	<u>(32,572)</u>
Total net position - beginning	<u>24,198</u>
Total net position - ending	<u><u>\$ (8,374)</u></u>

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018**

	School Lunch
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,585
Cash paid for goods and services	(402,894)
Net cash provided (used) by operating activities	(398,309)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	397,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in (out)	-
Net cash provided (used) by capital and related financing activities	-
Net increase (decrease) in cash and cash equivalents	(722)
Balances-beginning of the year	4,816
Balances-end of the year	\$ 4,094
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (420,088)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
(Increase) Decrease in due from other governments	-
Increase (decrease) in accounts payable and accrued liabilities	21,779
Increase (decrease) in due to other funds	-
Total adjustments	21,779
Net cash provided by operating activities	\$ (398,309)

The notes to the financial statements are an integral part of this statement.

The Torchlight Academy, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

I. Summary of Significant Accounting Policies

The accounting policies of Torchlight Academy, North Carolina (School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities, such as Torchlight Academy. Because of the authority of the State Board of Education (SBE) to terminate, not renew or seek applicants to assume a charter on grounds set 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

Torchlight Academy is a North Carolina non-profit corporation incorporated in September 1999. Pursuant to the provisions of the Charter School Act of 1996 as amended (“the Act”), Torchlight has been approved to operate the Torchlight Academy, a public school serving approximately 508 students. The School operates under an approved charter received from the SBE, and applied for under the provisions of (G.S. 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 the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2024 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.

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”), Torchlight 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 entity. 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.

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 and enterprise funds are aggregated and reported as non-major funds.

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.

Federal Grants Fund. The Federal Grants Fund includes grants from the federal government passed through the Department of Public Instruction for specifically identified programs.

The School reports the following major enterprise fund:

School Lunch. The School Lunch Fund is used to account for the school lunch program within the school system.

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 are 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

An annual budget is adopted on a unit-wide level rather than by individual funds. 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 effects of which were not material. The budget presented in these financial statements represents the budget of the School at June 30, 2018. 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. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, and certificates of deposit. The School does not have a custodial risk policy.

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. The School does not have a deposit policy for custodial credit risk.

3. 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 \$5,000 with an estimated useful life of three or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. 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	7-39
Classroom furniture and equipment	7
Motor vehicles	5
Security system	5
Computer equipment	5

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. 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 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 the criterion for this category.

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 applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

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

Torchlight Academy has no long term debt.

6. Compensated Absences

Employees do not accumulate vacation pay. The policy of the School provides for five days of sick leave for teachers and they can carryover. Unused time is not compensated.

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:

Non-spendable 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 fuel which is not a spendable resource.

Restricted Fund Balance-This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance-portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance-portion of fund balance that Torchlight Academy intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Finance Officer to modify the appropriations by resource or appropriation within funds up to \$2,500.

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.

Torchlight Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 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 as reported in the government-wide statement of net position. The net adjustment of \$84,735 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).	\$416,742
Less accumulated depreciation	(332,007)
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:	
Bonds, leases, and installment financing	-
Proceeds from sale of assets	-
Accrued interest payable	-
Total adjustment	<u>\$84,735</u>

F. Revenues, Expenditures, and Expenses

1. Funding

Torchlight 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. Wake County Board of Education) 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-238.105(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, Torchlight Academy 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, Torchlight Academy received funding from the Board of Education for Wake County Schools (\$1,160,610), Durham County (\$20,245), Franklin County (\$2,974) Nash County (\$1,430), Johnston County (\$6,790), Harnett County (\$1,136), and Vance County (\$672).

Furthermore, Torchlight Academy has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School's facilities.

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 (\$38,149) 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.	(38,149)
New debt issued during the year is recorded as a source of funds on the fund statements but has not effect on the statement of activities, only the statement of net position.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	-
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.	
Other	-
Loss on sale of assets	-
Total	<u>(\$38,149)</u>

II. Stewardship, Compliance, and Accountability

A. Violation of Finance Related Provisions

None

B. Deficit Fund Balance or Net Position of Individual Funds

The School Lunch Fund has a negative Net Position. We recommend the School transfer funds from the General Fund to correct the deficit, or the management company leave enough revenue in the School Lunch Fund to correct the deficit.

III. 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 \$210,878. The bank balance with the financial institutions was \$332,605, of which \$332,605 was covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

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:				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Equipment & furniture	206,026	-	-	206,026
Computer equipment	-	-	-	-
Security system	-	-	-	-
Vehicles	60,825	-	-	60,825
Leasehold improvements	149,891	-	-	149,891
Total capital assets being depreciated	416,742	-	-	416,742
Less accumulated depreciation for:				
Equipment & furniture	180,109	25,917	-	206,026
Computer equipment	-	-	-	-
Security system	-	-	-	-
Vehicles	48,205	6,098	-	54,303
Leasehold improvements	65,544	6,134	-	71,678
Total accumulated depreciation	293,858	\$ 38,149	\$ -	332,007
Total capital assets being depreciated, net	122,884			84,735
Governmental activity capital assets, net	<u>\$ 122,884</u>			<u>\$ 84,735</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 0
Supporting services	38,149
	<u>\$38,149</u>

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The School does not offer a retirement plan.

b. Post-Employment Benefits

Torchlight Academy does not offer post-employment benefits.

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 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. Because the School is not in a flood plain area that has been designated by FEMA, the School does not carry flood insurance.

3. Claims and Judgments

At June 30, 2018, the School was not involved in any legal proceedings.

4. Long-Term Obligations

The School has no long term debt.

5. Related Party Transactions

During the year ended June 30, 2018, the School engaged in the following related party transactions:

Employees and Officers:

The Chair of the board of directors is also the spouse of one of the members of the board of directors. No monetary transactions with these individuals occurred.

C. Inter-fund Balances and Activity

Due to the General Fund from the Proprietary Fund to reimburse the fund for food purchased during the prior fiscal year.

\$12,468

D. Fund Balance

Torchlight Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Torchlight Academy funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balances, 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.

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

<i>Total fund balance</i>	\$ 204,089
Less:	
Prepaid expenses	-
Appropriated Fund Balance in 2019 budget	-
Remaining Fund Balance	\$ 204,089

IV. 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 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.

V. Commitments and Contingencies

The School has entered into a services agreement (the agreement) with Torchlight Academy School, LLC (TAS) effective July 1, 2015 which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, TAS also provides the facility in which the School operates. The fee for these services are 100% of all revenues received by the School. The agreement will continue until termination of charter, inclusive of any charter renewals, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or TSA.

VI. Contracted Service Fee

TAS has informed the School that the contracted service fee recognized in the Statement of Activities for the year ended June 30, 2018, includes payment of the following:

Instructional services:	
Regular Instructional Services	\$ 2,080,646
Special Population Services	110,890
Alternative Programs and Services	202,885
School Based Support Services	<u>9,285</u>
Total instructional services	<u>\$ 2,403,706</u>
System-wide support services:	
Technology Support Services	93,755
Operational Support Services	1,046,072
Financial and Human Resource Services	39,446
Policy, Leadership, and Public Relations Services	461,212
Management Fee	<u>340,000</u>
Total system-wide support services	<u>1,980,485</u>
Nutritional Services	<u>372,132</u>
Total Contracted Service Fee	\$ 4,756,323

Contracted Service Fee reconciliation to Statement of Activities:

Contracted Service Fee	\$ 4,756,323
School Expense	
Instructional	231,338
System-wide Support	-
Nutritional Services	<u>52,541</u>
Total Primary Government Expenses per Statement of Activities	<u>\$ 5,040,202</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	2018		Favorable (Unfavorable) Variance
	Final Budget	Actual	
Revenues:			
State of North Carolina	\$ 3,283,263	\$ 3,130,973	\$ (152,290)
Board(s) of Education:			
Harnett County	-	1,136	1,136
Durham County Schools	5,761	20,245	14,484
Franklin County Schools	-	2,974	2,974
Wake County Schools	1,393,445	1,160,610	(232,835)
Johnston County Schools	14,416	6,790	(7,626)
Nash County	-	1,430	1,430
Orange County	-	672	672
U.S. Government	281,301	379,007	97,706
Donations	-	2,462	2,462
Food sales	-	4,585	4,585
Others	11,324	3,283	(8,041)
Total	<u>4,989,510</u>	<u>4,714,167</u>	<u>(275,343)</u>
Expenditures:			
Current:			
Instructional services:			
Regular curricular services	-	2,571,674	-
Special populations services	-	130,411	-
Alternative programs and services	-	314,594	-
School leadership services	-	215,118	-
Co-Curricular Services	-	-	-
School-Based Support Services	-	11,116	-
Total instructional programs	<u>-</u>	<u>3,242,913</u>	<u>(3,242,913)</u>
System-wide support services:			
Support and development services	-	-	-
Special population support and development services	-	-	-
Technology support services	-	67,429	-
Operational support services	-	715,138	-
Financial and human resource services	-	52,566	-
Policy, leadership and public relations services	-	522,783	-
Nutritional services	-	15,000	-
Total support services	<u>-</u>	<u>1,372,916</u>	<u>(1,372,916)</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	2018		Favorable (Unfavorable) Variance
	Final Budget	Actual	
School Lunch Fund			
Contracted Services	317,055	407,567	(90,512)
Food purchases	-	17,106	(17,106)
Other	-	-	-
Total school lunch fund	<u>317,055</u>	<u>424,673</u>	<u>(107,618)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,016,523</u>	<u>5,040,502</u>	<u>(23,979)</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Federal reimbursements	<u>316,480</u>	<u>387,516</u>	<u>71,036</u>
Total other financing sources and (uses)	<u>316,480</u>	<u>387,516</u>	<u>71,036</u>
Excess of revenue over expenditures	<u>\$ 289,467</u>	<u>\$ 61,181</u>	<u>\$ (228,286)</u>

**INDEPENDENT AUDITOR'S 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
Torchlight Academy
Raleigh, 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, and each major fund, of Torchlight Academy, Raleigh, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Torchlight Academy, Raleigh, North Carolina's basic financial statements and have issued our report thereon dated January 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Torchlight Academy, Raleigh, North Carolina'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Torchlight Academy, Raleigh, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Darrell L Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
January 19, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on Compliance for Each Major Federal program

We have audited Torchlight Academy, Raleigh, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and 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 Torchlight Academy, Raleigh, North Carolina's major federal programs for the year ended June 30, 2018. Torchlight Academy, Raleigh, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Torchlight Academy, Raleigh, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, 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 federal program occurred. An audit includes examining, on a test basis, evidence about Torchlight Academy, Raleigh, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Torchlight Academy, Raleigh, North Carolina's compliance.

Opinion on Each Major Federal program

In our opinion, Torchlight Academy, Raleigh, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

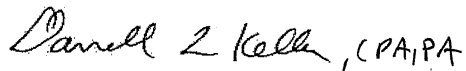
Management of Torchlight Academy, Raleigh, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Torchlight Academy, Raleigh, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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 Torchlight Academy, Raleigh, North Carolina's internal control over compliance.

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

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

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

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
January 19, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on Compliance for Each Major State Program

We have audited Torchlight Academy, Raleigh, North Carolina'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 each of Torchlight Academy, Raleigh, North Carolina's major state programs for the year ended June 30, 2018. Torchlight Academy, Raleigh, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Torchlight Academy, Raleigh, North Carolina'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 applicable sections of Title 2 US 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 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 Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, Torchlight Academy, Raleigh, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

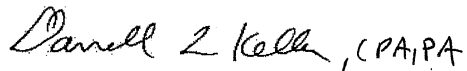
Management of Torchlight Academy, Raleigh, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina'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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
January 19, 2019

TORCHLIGHT ACADEMY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- * Material weaknesses(es) identified? ___ Yes X No
- * Significant Deficiency(s) identified that are not considered to be material weaknesses ___ Yes X None Reported

Noncompliance material to financial statements notes ___ Yes X No

Federal Awards

Internal control over major Federal programs:

- * Material weakness(es) identified? ___ Yes X No
- * Significant Deficiency(s) identified that are not considered to be material weaknesses ___ Yes X None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified for all federal programs.

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

Identification of major Federal programs:

<u>CFDA No.</u>	<u>Program Name</u>
84.010	Title I Grants to Local Education Agencies (Title I Part A)
84.027	Special Education-Grants to States (IDEA Part B)

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

Auditee qualified as low risk auditee? ___ Yes X No

State Awards

Internal control over major State programs:

- * Material weakness(es) identified? ___ Yes X No
- * Significant deficiency(s) identified that are not considered to be material weaknesses ___ Yes X None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified

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

Identification of major State programs:

<u>Program Name</u>
State Public School Fund

TORCHLIGHT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV-State Award Findings and Questioned Costs

None reported

TORCHLIGHT ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDITING FINDINGS
YEAR ENDED JUNE 30, 2018

Finding: None
Status: N/A

TORCHLIGHT ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL GRANTS:			
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
Special Education-Grants to States (IDEA, Part B)-			
Education of the Handicapped	84.027	PRC 060	\$ 100,789
Special Needs Targeted Assistance	84.027	PRC 118	1,159
Total Special Education Cluster			<u>101,948</u>
Title I, Part A:			
Title I Grants to Local Education Agencies (Title I, Part A)	84.010	PRC 050	<u>218,509</u>
Improving Teacher Quality State Grants	84.367	PRC 103	21,286
Student Support and Academic Enrichment	84.424	PRC 108	10,000
English Language Acquisition Grants	84.365	PRC 104, 111	12,264
			<u>43,550</u>
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	PRC 035	17,106
Cash Assistance			
Passed through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	130,861
National School Lunch Program	10.555	PRC 035	239,549
Child Nutrition Discretionary Grants Limited Availability	10.579	PRC 053	15,000
Total School Nutrition Program			<u>402,516</u>
TOTAL FEDERAL ASSISTANCE			<u>766,523</u>
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			<u>3,130,973</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 3,897,496</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 Torchlight 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 Torchlight Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Torchlight 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program.

Note 4. Indirect Cost Rate

Torchlight Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Darrell L. Keller, CPA, PA

**TORCHLIGHT ACADEMY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

(704) 739-0771

Torchlight Academy
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as of June 30, 2017

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Torchlight Academy, Raleigh, North Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Torchlight 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 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, the business-type activities, and each major fund of Torchlight Academy, Raleigh, North Carolina, 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.

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 3–10 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.

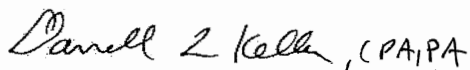
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Torchlight Academy, Raleigh, North Carolina's basic financial statements. The combining and individual non-major fund financial statements, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost 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 are the responsibility of management and were derived from and relate 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 financial 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 September 7, 2017, on our consideration of Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Torchlight Academy, Raleigh, North Carolina's internal control over financial reporting and compliance.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
September 7, 2017

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

As management of Torchlight Academy, we offer readers of Torchlight Academy's audited financial statements this narrative overview and analysis of the financial activities of Torchlight Academy for the fiscal year ended June 30, 2017. 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. Effective July 1, 2015 the School entered into a services agreement with Torchlight Academy School, LLC (TAS) which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. TAS also provides the facility in which the school operates as a part of the fee received. The fee for this agreement is 100% of the school's revenue from whatever source derived.

Financial Highlights

- The assets of the Torchlight Academy exceeded its liabilities and deferred inflows at the close of the fiscal year by \$257,418 (*net position*).
- The school's total net position decreased by \$210,631.
- As of the close of the current fiscal year, Torchlight Academy's governmental funds reported combined ending fund balances of \$110,336 a decrease of \$209,732.
- The 2015-2016 ADM was 520 and the 2016-2017 ADM is 570.

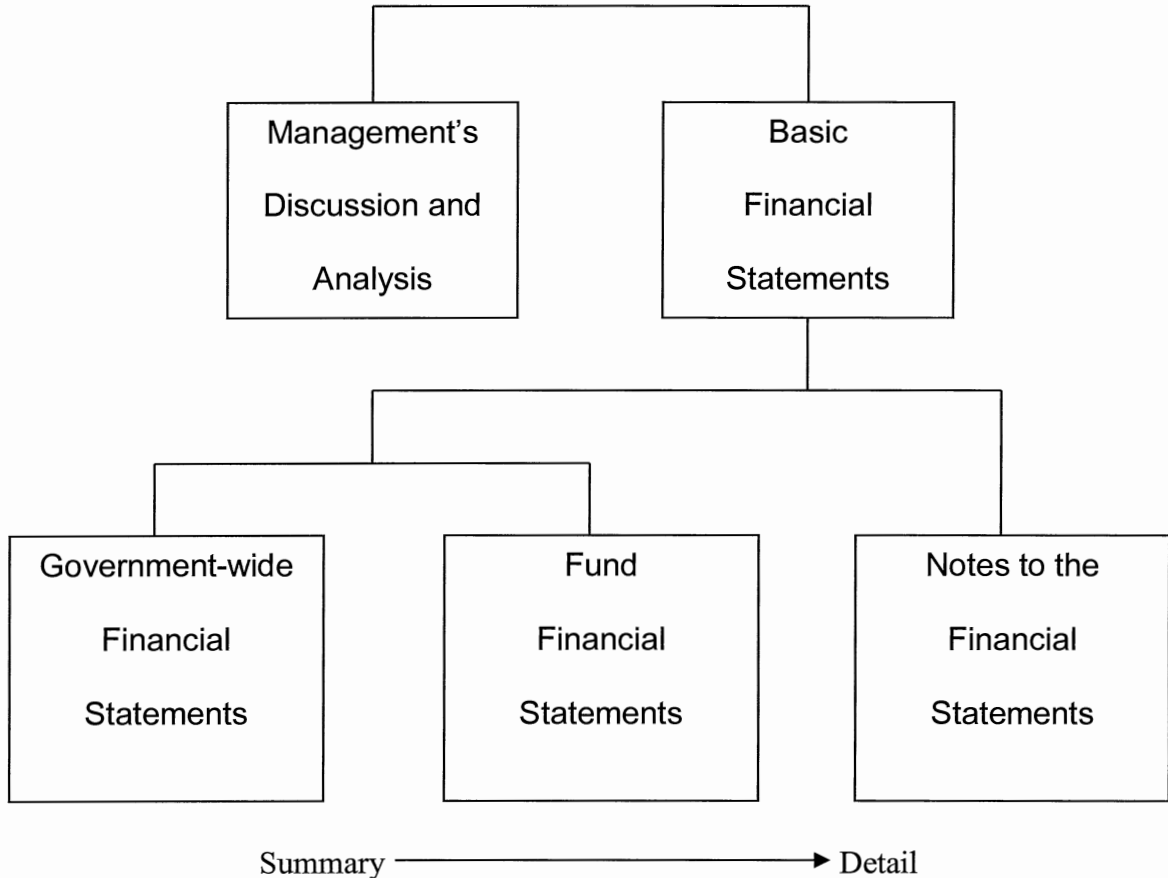
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Torchlight 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 distinct financial perspectives 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 Torchlight Academy.

**Management's Discussion and Analysis
Torchlight Academy
June 30, 2017**

Figure 1

Required Components of Annual Financial Report



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 segments of the School's government. These statements are more detailed than the government-wide financial 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 are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

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 the financial statements 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. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. This includes the Food Lunch Program services carried out by Torchlight Academy.

The government-wide financial statements are enumerated in 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 used to maintain control over resources that have been segregated for specific activities or objectives. Torchlight Academy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance, where and when applicable. All of the funds of Torchlight Academy can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for 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 monies remaining at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation, which is an integral part of the fund financial statements.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

Torchlight 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 – Torchlight 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. Torchlight Academy uses enterprise funds to account for the school lunch program.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of Torchlight Academy exceeded liabilities by \$257,418 as of June 30, 2017. As of June 30, 2016, the net position of Torchlight Academy stood at \$468,049. The School's net position decreased by \$210,631 for the fiscal year ended June 30, 2017, compared to a decrease of \$276,843 in 2016. One of the largest portions \$122,884 reflects the School's investment in capital assets (e.g. land, buildings and improvements, instructional equipment, and vehicles) less any related debt still outstanding that was issued to acquire those items. Torchlight Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Torchlight 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 \$134,534 is unrestricted. In 2016, the amount of net investment in capital assets net of related debt was \$163,425. The remaining \$304,624 was unrestricted net position for that year.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

Figure 2
Torchlight Academy's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 122,051	\$ 254,445	\$ 4,816	\$ 4,094	\$ 126,867	\$ 258,539
Due from other governments	99,000	94,587	31,850	48,899	130,850	143,486
Capital assets, net of depreciation	122,884	163,425	-	-	122,884	163,425
Total Assets	343,935	512,457	36,666	52,993	380,601	565,450
Other Liabilities	\$ 110,715	\$ 28,964	\$ 12,468	\$ 68,437	\$ 123,183	\$ 97,401
Long-term Liabilities Outstanding	-	-	-	-	-	-
Total Liabilities	110,715	28,964	12,468	68,437	123,183	97,401
Deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Net Position:						
Net investment in capital assets	\$ 122,884	\$ 163,425	\$ -	\$ -	\$ 122,884	\$ 163,425
Unrestricted	110,336	320,068	24,198	(15,444)	134,534	304,624
Total Net Position	\$ 233,220	\$ 483,493	\$ 24,198	\$ (15,444)	\$ 257,418	\$ 468,049

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

- The School applied for and was awarded several federal grants to assist with meeting the educational needs of the student population.
- The School paid for salaries and benefits of six employees from fund balance.
- The School entered into an agreement with a management company in the prior fiscal year.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

Figure 3
Torchlight Academy's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Donations and Other Revenues	\$62,639	\$51,636	\$ -	\$ -	\$62,639	\$ 51,636
Charges for Services	-	-	8,619	6,281	8,619	-
Operating Grants and Contributions	-	-	420,324	419,498	420,324	419,498
County, State, and Federal Funds	4,586,256	4,313,740	-	-	4,586,256	4,313,740
Total revenues	4,648,895	4,365,376	428,943	425,779	5,077,838	4,784,874
Instructional Services	4,886,085	4,616,489	-	-	4,886,085	4,616,489
System-wide support services	13,083	25,730	-	-	13,083	25,730
School Lunch	-	-	389,301	425,779	389,301	425,779
Interest on long-term debt	-	0	-	-	-	0
Total expenses	4,899,168	4,642,219	389,301	425,779	5,288,469	5,067,998
Increase in net position	\$ (250,273)	-276,843	39,642	-	(210,631)	-276,843
Transfers	-	-	-	-	-	-
Net position, July 1	483,493	760,336	(15,444)	(15,444)	468,049	744,892
Net position, June 30	\$233,220	\$483,493	\$ 24,198	\$ (15,444)	\$257,418	\$468,049

Governmental activities. Governmental activities decreased the School's net position by \$250,273.

Business-type activities. Business-type activities of Torchlight Academy's net position increased the net position by \$39,642.

Financial Analysis of the School's Funds

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

Governmental Funds. The focus of Torchlight Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing Torchlight Academy's financing requirements. Specifically, unreserved 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 Torchlight Academy. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$110,336.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

Proprietary Funds. The School's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Food Service Fund at the end of the fiscal year amounted to \$24,198. 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. Torchlight Academy's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$122,884 (net of accumulated depreciation). Capital assets include land, buildings and improvements, instructional equipment, and vehicles.

Figure 4
Torchlight Academy's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Classroom Equipment	\$ 25,917	\$ 53,876	\$ -	\$ -	\$ 25,917	\$ 53,876
Computer Equipment	-	-	-	-	-	-
Leasehold Improvements	84,347	90,481	-	-	84,347	90,481
Security System	-	-	-	-	-	-
Vehicles	12,620	19,068	-	-	12,620	19,068
Total	\$ 122,884	\$163,425	\$ -	\$ -	\$ 122,884	\$ 163,425

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

Long-term Debt. As of June 30, 2017, Torchlight Academy had no outstanding debt.

Management's Discussion and Analysis
Torchlight Academy
June 30, 2017

Economic Factors

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

- The improving academic performance of Torchlight Academy student body has formed a reputation of excellence that ensures a solid foundation for maintained enrollment and consequent stream of funding per pupil amounts.
- The School has improved its facilities, which will not only cement excitement and a feeling of permanence in the community, but should also strengthen the school financially.
- The School received a ten year renewal of its charter effective July 1, 2014.

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 Executive Director, Torchlight Academy, 3211 Bramer Drive, Raleigh, North Carolina 27604. (919) 850-9960

FINANCIAL STATEMENTS

Torchlight Academy
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 109,583	\$ 4,816	\$ 114,399
Receivables (net)	-	-	-
Due from other governments	99,000	31,850	130,850
Due from (to) other funds	12,468	(12,468)	-
Prepaid expense	-	-	-
Capital assets (Note 1):			
Land, improvements, and construction in progress	-	-	-
Other capital assets, net of depreciation	122,884	-	122,884
Total capital assets	122,884	-	122,884
Total assets	343,935	24,198	368,133
LIABILITIES			
Accounts payable and accrued expenses	100,098	-	100,098
Bank line of credit	-	-	-
Payroll Taxes payable	10,617	-	10,617
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	110,715	-	110,715
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	122,884	-	122,884
Unrestricted	110,336	24,198	134,534
Total net position	\$ 233,220	\$ 24,198	\$ 257,418

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Activities
For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services	\$ 4,886,085	\$ -	\$ -	\$ -	\$ (4,886,085)	\$ -	\$ (4,886,085)
System-wide support services	13,083	-	-	-	(13,083)	-	(13,083)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	4,899,168	-	-	-	(4,899,168)	-	(4,899,168)
Business-type activities:							
School Lunch	389,301	8,619	420,324	-	-	39,642	39,642
Total business-type activities	389,301	8,619	420,324	-	-	39,642	39,642
Total primary government	\$ 5,288,469	\$ 8,619	\$ 420,324	\$ -	(4,899,168)	39,642	(4,859,526)
General revenues:							
Unrestricted LEA appropriations					1,282,245	-	1,282,245
Unrestricted State appropriations					3,003,087	-	3,003,087
Unrestricted Federal appropriations					300,924	-	300,924
Donations - general					-	-	-
Miscellaneous, unrestricted					62,639	-	62,639
Loss on abandonment of assets					-	-	-
Total general revenues, special items, and transfers					4,648,895	-	4,648,895
Change in net position					(250,273)	39,642	(210,631)
Net position-beginning					483,493	(15,444)	468,049
Net position-ending					\$ 233,220	\$ 24,198	\$ 257,418

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Balance Sheet
Governmental Funds
June 30, 2017**

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
ASSETS				
Cash and cash equivalents	\$ 109,583	\$ -	\$ -	\$ 109,583
Accounts Receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other governments	99,000	-	-	99,000
Due from other funds	12,468	-	-	12,468
Total assets	<u>\$ 221,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,051</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 100,098	\$ -	\$ -	\$ 100,098
Bank line of credit	-	-	-	-
Payroll Taxes Payable	10,617	-	-	10,617
Total liabilities	<u>110,715</u>	<u>-</u>	<u>-</u>	<u>110,715</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid expenses	-	-	-	-
Unassigned	110,336	-	-	110,336
Total fund balances	<u>110,336</u>	<u>-</u>	<u>-</u>	<u>110,336</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 221,051</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.	122,884
Liabilities for earned but unavailable revenues in fund statements.	-
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 (Note 5).	-
Net position of governmental activities	<u>\$ 233,220</u>

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Total Governmental Funds
	General	State Public School	Federal Grants Fund	
REVENUES				
State of North Carolina	\$ -	\$ 3,003,087	\$ -	\$ 3,003,087
Cumberland County	781	-	-	781
Durham County Schools	12,884	-	-	12,884
Franklin County Schools	5,351	-	-	5,351
Wake County Schools	1,255,473	-	-	1,255,473
Johnston County Schools	5,837	-	-	5,837
Orange County	1,919	-	-	1,919
U.S. Government	-	-	300,924	300,924
Contributions and donations	-	-	-	-
Other	62,639	-	-	62,639
Total revenues	1,344,884	3,003,087	300,924	4,648,895
EXPENDITURES				
Current:				
Instructional services:	1,554,115	3,003,087	300,924	4,858,126
System-wide support services	501	-	-	501
Capital outlay:	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	1,554,616	3,003,087	300,924	4,858,627
Excess (deficiency) of revenues over expenditures	(209,732)	-	-	(209,732)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(209,732)	-	-	(209,732)
Fund balances-beginning	320,068	-	-	320,068
Fund balances-ending	\$ 110,336	\$ -	\$ -	\$ 110,336

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
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	\$ (209,732)
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 depreciation exceeded capital outlay in the current period	(40,541)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Proceeds from sale of assets	-
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
Difference in accrued interest payable and interest expensed on fund statements	-
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.	
Other	-
Loss on disposal of assets	-
	-
Total changes in net position of governmental activities	<u>\$ (250,273)</u>

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Net Position
Proprietary Fund
June 30, 2017**

	School Lunch
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,816
Due from other governments	31,850
Total current assets	36,666
Noncurrent assets:	
Capital assets:	
Furniture and office equipment, net	-
Computer equipment, net	-
Total noncurrent assets	-
Total assets	\$ 36,666
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ -
Due to other funds	12,468
Total current liabilities	12,468
Long-term liabilities:	
Due within one year	-
Due in more than one year	-
Total long-term liabilities	-
Total liabilities	12,468
NET POSITION	
Net investment in capital assets	-
Unrestricted	24,198
Total net position	\$ 24,198

The notes to the financial statements are an integral part of this statement.

Torchlight Academy
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	School Lunch
OPERATING REVENUES	
Food Sales	\$ 8,619
Total operating revenues	8,619
OPERATING EXPENSES	
Contracted services	373,460
Materials and supplies	15,841
Other	-
Total operating expenses	389,301
Operating income (loss)	(380,682)
NONOPERATING REVENUES (EXPENSES)	
Capital contributions	-
Federal reimbursements	420,324
Change in net position	39,642
Total net position - beginning	(15,444)
Total net position - ending	\$ 24,198

The notes to the financial statements are an integral part of this statement.

**Torchlight Academy
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017**

	School Lunch
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 8,619
Cash paid for goods and services	(428,221)
Net cash provided (used) by operating activities	(419,602)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	420,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in (out)	-
Net cash provided (used) by capital and related financing activities	-
Net increase (decrease) in cash and cash equivalents	722
Balances-beginning of the year	4,094
Balances-end of the year	\$ 4,816
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (380,682)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	-
Changes in assets and liabilities:	
(Increase) Decrease in due from other governments	17,049
Increase (decrease) in accounts payable and accrued liabilities	(55,969)
Increase (decrease) in due to other funds	-
Total adjustments	(38,920)
Net cash provided by operating activities	\$ (419,602)

The notes to the financial statements are an integral part of this statement.

The Torchlight Academy, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

I. Summary of Significant Accounting Policies

The accounting policies of the Torchlight Academy, North Carolina (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

The Torchlight Academy is a public school operated by a local non-profit corporation, serving approximately 540 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.

B. Basis of Presentation

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.

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.

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.

Federal Grants Fund. The Federal Grants Fund includes grants from the federal government passed through the Department of Public Instruction for specifically identified programs.

The School reports the following major enterprise fund:

School Lunch. The School Lunch Fund is used to account for the school lunch program within the school system.

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 are 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

An annual budget is adopted on a unit-wide level rather than by individual funds. 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 effects of which were not material. The budget presented in these financial statements represents the budget of the School at June 30, 2017. 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. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, and certificates of deposit. The School does not have a custodial risk policy.

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. The School does not have a deposit policy for custodial credit risk.

3. 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 \$5,000 with an estimated useful life of three or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. 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	7-39
Classroom furniture and equipment	7
Motor vehicles	5
Security system	5
Computer equipment	5

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. 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 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 the criterion for this category.

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 applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

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

Torchlight Academy has no long term debt.

6. Compensated Absences

Employees do not accumulate vacation pay. The policy of the School provides for five days of sick leave for teachers and they can carryover. Unused time is not compensated.

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:

Non-spendable 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 fuel which is not a spendable resource.

Restricted Fund Balance-This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance-portion of fund balance that can only be used for specific purpose imposed by majority vote of School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance-portion of fund balance that Torchlight Academy intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Finance Officer to modify the appropriations by resource or appropriation within funds up to \$2,500.

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.

Torchlight Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

8. 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 \$122,884 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).	\$416,742
Less accumulated depreciation	(293,858)
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:	
Bonds, leases, and installment financing	-
Proceeds from sale of assets	-
Accrued interest payable	-
Total adjustment	<u>\$122,884</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Torchlight 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. Wake County Board of Education) 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-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, 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. [G.S. 115C-238.29H(b)]. For the fiscal year ended June 30, 2016, the Torchlight Academy received funding from the Board of Education for Wake County Schools, Durham County, Franklin County, Orange County, and Johnston County.

Furthermore, Torchlight Academy has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School's facilities.

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 (\$40,541) 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.	(40,541)
New debt issued during the year is recorded as a source of funds on the fund statements but has not effect on the statement of activities, only the statement of net position.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	-
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.	
Other	-
Loss on sale of assets	-
Total	<u>(\$40,541)</u>

II. Stewardship, Compliance, and Accountability

A. Violation of Finance Related Provisions

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2017, the School had deposits with banks and savings and loans with a carrying amount of \$114,399. The bank balance with the financial institutions was \$122,765, of which \$122,765 was covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

2. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Equipment & furniture	222,870	-	16,844	206,026
Computer equipment	24,993	-	24,993	-
Security system	13,335	-	13,335	-
Vehicles	115,616	-	54,791	60,825
Leasehold improvements	161,032	-	11,141	149,891
Total capital assets being depreciated	537,846	-	121,104	416,742
Less accumulated depreciation for:				
Equipment & furniture	168,994	27,959	16,844	180,109
Computer equipment	24,993	-	24,993	-
Security system	13,335	-	13,335	-
Vehicles	96,548	6,448	54,791	48,205
Leasehold improvements	70,551	6,134	11,141	65,544
Total accumulated depreciation	374,421	\$ 40,541	\$ 121,104	293,858
Total capital assets being depreciated, net	163,425			122,884
Governmental activity capital assets, net	\$ 163,425			\$ 122,884

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 27,959
Supporting services	12,582
	<u>\$40,541</u>

B. Liabilities

1. Pension Plan Obligations

a. Retirement Plan

The School has adopted a 401(K) defined contribution plan for the benefit of the employees. The School matches employee contributions up to 25% of employee contributions up to 4% of compensation. At June 30, 2017, all eligible employees of the School were included in the plan. For the year ended June 30, 2017, the pension cost to the School was \$0.

Effective July 1, 2015, all employees except for six that hold HB1 Visa's became employees of the management company. As these employees obtain green cards, they will become employees of the management company as well.

b. Post Employment Benefits

Torchlight Academy does not offer post-employment benefits.

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 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. Because the School is not in a flood plain area that has been designated by FEMA, the School does not carry flood insurance.

3. Claims and Judgments

At June 30, 2017, the School was not involved in any legal proceedings.

4. Long-Term Obligations

The School has no long term debt.

5. Related Party Transactions

During the year ended June 30, 2017, the School engaged in the following related party transactions:

Employees and Officers:

The Chair of the board of directors is also the spouse of one of the members of the board of directors. No monetary transactions with these individuals occurred.

C. Interfund Balances and Activity

Due to the General Fund from the Proprietary Fund to reimburse the fund for food purchased during the prior fiscal year.

\$12,468

D. Fund Balance

Torchlight Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Torchlight Academy funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balances, 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.

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

<i>Total fund balance</i>	\$ 110,336
Less:	
Prepaid expenses	-
Appropriated Fund Balance in 2018 budget	-
Remaining Fund Balance	\$ 110,336

IV. 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 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.

V. Commitments and Contingencies

The School has entered into a services agreement (the agreement) with Torchlight Academy School, LLC (TAS) effective July 1, 2015 which requires TAS to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, TAS also provides the facility in which the School operates. The fee for these services are 100% of all revenues received by the School. The agreement will continue until termination of charter, inclusive of any charter renewals, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or TSA.

VI. Contracted Service Fee

TAS has informed the School that the contracted service fee recognized in the Statement of Activities for the year ended June 30, 2017, includes payment of the following:

Instructional services:	
Regular Instructional Services	\$ 1,604,672
Special Population Services	126,794
Alternative Programs and Services	380,575
School Leadership Services	144,119
School Based Support Services	<u>1,977</u>
Total instructional services	<u>\$ 2,258,137</u>
System-wide support services:	
Technology Support Services	80,753
Operational Support Services	673,360
Financial and Human Resource Services	51,839
Policy, Leadership, and Public Relations Services	552,835
Management Fee	<u>939,102</u>
Total system-wide support services	<u>2,297,889</u>
Nutritional Services	<u>404,704</u>
Total Contracted Service Fee	\$ 4,960,730

Contracted Service Fee reconciliation to Statement of Activities:

Contracted Service Fee	\$ 4,960,730
School Expense	
Instructional	258,775
System-wide Support	12,582
Nutritional Services	<u>15,841</u>
Total Primary Government Expenses per Statement of Activities	<u>\$ 5,247,928</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	2017		Favorable (Unfavorable) Variance
	Final Budget	Actual	
Revenues:			
State of North Carolina	\$ 2,931,485	\$ 3,003,087	\$ 71,602
Board(s) of Education:			
Cumberland County		781	
Durham County Schools	5,144	12,884	7,740
Franklin County Schools	-	5,351	5,351
Wake County Schools	1,244,147	1,255,473	11,326
Johnston County Schools	12,872	5,837	(7,035)
Orange County	-	1,919	1,919
U.S. Government	281,301	300,924	19,623
Donations	-	-	-
Food sales	-	8,619	8,619
Others	30,111	62,639	32,528
Total	<u>4,505,060</u>	<u>4,657,514</u>	<u>151,673</u>
Expenditures:			
Current:			
Instructional services:			
Regular curricular services	-	4,447,002	-
Special populations services	-	80,982	-
Alternative programs and services	-	274,832	
School leadership services	-	55,310	
Co-Curricular Services	-	-	
School-Based Support Services	-	-	-
Total instructional programs	<u>-</u>	<u>4,858,126</u>	<u>(4,858,126)</u>
System-wide support services:			
Support and development services		-	
Special population support and development services		-	
Technology support services		-	
Operational support services		-	
Financial and human resource services		480	
Policy, leadership and public relations services		-	
Nutritional services		21	
Total support services	<u>-</u>	<u>501</u>	<u>(501)</u>

Torchlight Academy
All Fund Types
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	2017		Favorable (Unfavorable) Variance
	Final Budget	Actual	
School Lunch Fund			
Contracted Services	-	373,460	(373,460)
Food purchases	-	15,841	(15,841)
Other	-	-	-
Total school lunch fund	<u>-</u>	<u>389,301</u>	<u>(389,301)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,570,564</u>	<u>5,247,928</u>	<u>(677,364)</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Federal reimbursements	<u>282,572</u>	<u>420,324</u>	<u>137,752</u>
Total other financing sources and (uses)	<u>282,572</u>	<u>420,324</u>	<u>137,752</u>
Excess of revenue over expenditures	<u>\$ 217,068</u>	<u>\$ (170,090)</u>	<u>\$ (387,939)</u>

**INDEPENDENT AUDITOR'S 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
Torchlight Academy
Raleigh, 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, and each major fund, of Torchlight Academy, Raleigh, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Torchlight Academy, Raleigh, North Carolina's basic financial statements and have issued our report thereon dated September 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Torchlight Academy, Raleigh, North Carolina'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Torchlight Academy, Raleigh, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in black ink that reads "Darrell L. Keller, CPA, PA". The signature is written in a cursive style with a loop at the end of the last name.

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
September 7, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors
Torchlight Academy
Raleigh, North Carolina

Report on Compliance for Each Major State Program

We have audited Torchlight Academy, Raleigh, North Carolina'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 each of Torchlight Academy, Raleigh, North Carolina's major state programs for the year ended June 30, 2017. Torchlight Academy, Raleigh, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Torchlight Academy, Raleigh, North Carolina'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 applicable sections of Title 2 US 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 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 Torchlight Academy, Raleigh, North Carolina'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 Torchlight Academy, Raleigh, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, Torchlight Academy, Raleigh, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

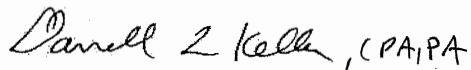
Management of Torchlight Academy, Raleigh, North Carolina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Torchlight Academy, Raleigh, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Torchlight Academy, Raleigh, North Carolina'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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
September 7, 2017

TORCHLIGHT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- | | | |
|--|--------|------------------|
| * Material weaknesses(es) identified? | ___Yes | _X_No |
| * Significant Deficiency(s) identified that are not considered to be material weaknesses | ___Yes | _X_None Reported |
| Noncompliance material to financial statements notes | ___Yes | _X_No |

Federal Awards

There were no major federal programs.

State Awards

Internal control over major State programs:

- | | | |
|--|--------|------------------|
| * Material weakness(es) identified? | ___Yes | _X_No |
| * Significant deficiency(s) identified that are not considered to be material weaknesses | ___Yes | _X_None Reported |

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	___Yes	_X_No
--	--------	-------

Identification of major State programs:

Program Name

State Public School Fund

TORCHLIGHT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV-State Award Findings and Questioned Costs

None reported

TORCHLIGHT ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDITING FINDINGS
YEAR ENDED JUNE 30, 2017

Finding: None

Status: N/A

TORCHLIGHT ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL GRANTS:			
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
Special Education-Grants to States (IDEA, Part B)-			
Education of the Handicapped			
	84.027	PRC 060	\$ 80,982
Title I, Part A:			
Title I Grants to Local Education Agencies (Title I, Part A)			
	84.010	PRC 050	215,647
Improving Teacher Quality State Grants			
	84.367	PRC 103	4,295
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Public Instruction:			
National School Lunch Program			
	10.555	PRC 035	15,841
Cash Assistance			
Passed through the N.C. Department of Public Instruction:			
National School Breakfast & Lunch Program			
	10.555	PRC 035	404,483
Total School Nutrition Program			
			420,324
TOTAL FEDERAL ASSISTANCE			<u>721,248</u>
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			
			3,003,087
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 3,724,335</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 Torchlight 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 Schedule presents only a selected portion of the operations of Torchlight Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Torchlight 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program.