

Annual Financial Report

Global Academy
Charter School No. 4186
New Brighton, Minnesota

For the Year Ended
June 30, 2021

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Global Academy
Charter School No. 4186
New Brighton, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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Global Academy
Charter School No. 4186
New Brighton, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2021

BOARD OF EDUCATION

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Scott Fleming	Board Chair	6/30/2022
Dannika Wright	Board Secretary	6/30/2021
Becca Brown	Treasurer	6/30/2021
Kim Fields	Board Member	6/30/2022
Kate Larson	Board Member	6/30/2022
Kristen McKittrick	Board Member	6/30/2021
Susan Eltawely	Board Member	6/30/2022
Emily Fisher	Board Member	6/30/2021

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Helen Fisk	Director
Melissa Storbakken	Associate Director
Jenny Abbs	Financial Manager

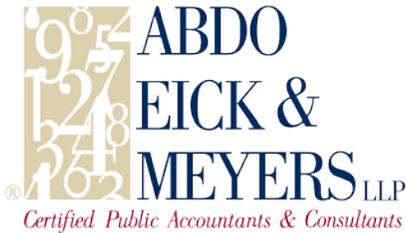
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FINANCIAL SECTION

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Global Academy
Charter School No. 4186
New Brighton, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Global Academy (the School), New Brighton, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School'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 of 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 School'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 School'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 financial statement presentation.

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, each major fund and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions on page 56 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 procedure 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.

Other Information

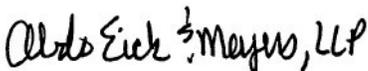
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section and the individual fund financial statements, schedules and table are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the 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 is also not a required part of the basic financial statements.

The individual fund schedules and table and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and table and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
September 15, 2021

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Management's Discussion and Analysis

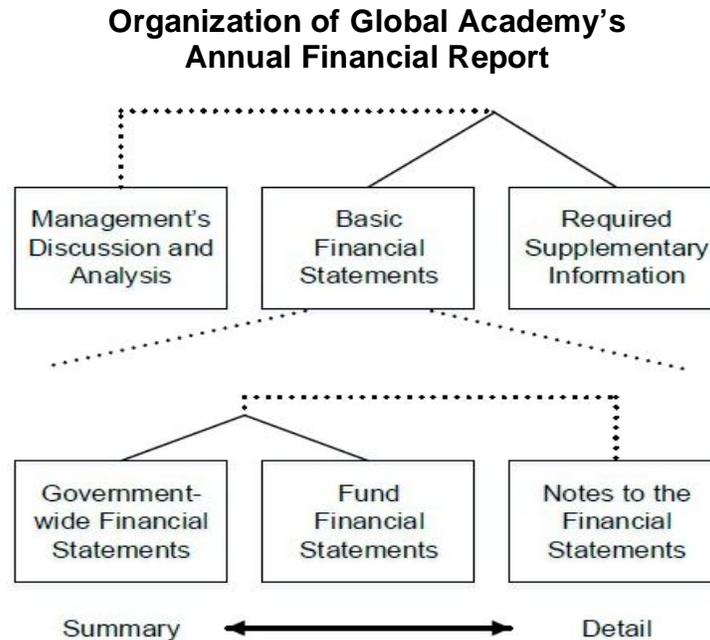
As management of the Global Academy, Charter School No. 4186 (the School), New Brighton, Minnesota, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021.

Financial Highlights

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$3,839,508 (*net position*).
- The School's total net position increased by \$255,368. The increase can be attributed to a decrease in the School's pension liability and overall increase in revenues.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$2,178,278, an increase of \$1,064,694 in comparison with the prior year. The increase can be mainly attributed to the revenues from state sources and the issuance of the paycheck protection loan.
- As of the close of the current fiscal year, the School's operating funds reported combined ending fund balance of \$2,271,918. Of this total amount, \$2,253,235 is unassigned and available for spending at the School's discretion, \$0 is restricted for specific reasons and \$18,683 is nonspendable for prepaid items.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$2,253,235 or 29.0 percent of total General fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:



The following chart summarizes the major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not fiduciary, such as special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets, deferred inflows of resources, liabilities and deferred outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements display functions of the School that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the School include administration, district support services, elementary and secondary regular instruction, special education instruction, instructional support services, pupil support services, sites and buildings, fiscal and other fixed cost programs, food service, community service, building organization and interest and fiscal charges on long term debt.

The government-wide financial statements start on page 24 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Building Company Special Revenue fund, both of which are considered to be major funds, and Food Service special revenue fund, which is considered a nonmajor fund.

The School adopts an annual appropriated budget for its General fund and Nonmajor Food Service fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 58 of this report.

Other Information. The individual fund schedule and table can be found starting on page 66 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,839,508 at the close of the most recent fiscal year.

A portion of the School's net position, (\$128,480) reflects its deficit in net investment in capital assets (e.g., building, building improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Global Academy's Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Assets			
Current and other assets	\$ 2,558,191	\$ 1,492,737	\$ 1,065,454
Capital assets	11,032,438	11,035,495	(3,057)
Total Assets	<u>13,590,629</u>	<u>12,528,232</u>	<u>1,062,397</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>1,773,361</u>	<u>2,916,996</u>	<u>(1,143,635)</u>
Liabilities			
Current and other liabilities	805,730	392,424	413,306
Noncurrent liabilities	15,298,471	14,558,865	739,606
Total Liabilities	<u>16,104,201</u>	<u>14,951,289</u>	<u>1,152,912</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>3,099,297</u>	<u>4,588,815</u>	<u>(1,489,518)</u>
Net Position			
Net investment in capital assets	(128,480)	(370,598)	242,118
Restricted	-	58,064	(58,064)
Unrestricted	<u>(3,711,028)</u>	<u>(3,782,342)</u>	<u>71,314</u>
Total Net Position	<u>\$ (3,839,508)</u>	<u>\$ (4,094,876)</u>	<u>\$ 255,368</u>

At the end of the current fiscal year, the School reports no restricted net position, and reports a deficit balance for its net investment in capital assets and unrestricted governmental activities. The deficit balance in the unrestricted net position is directly related to the net pension liability totaling \$3,734,119.

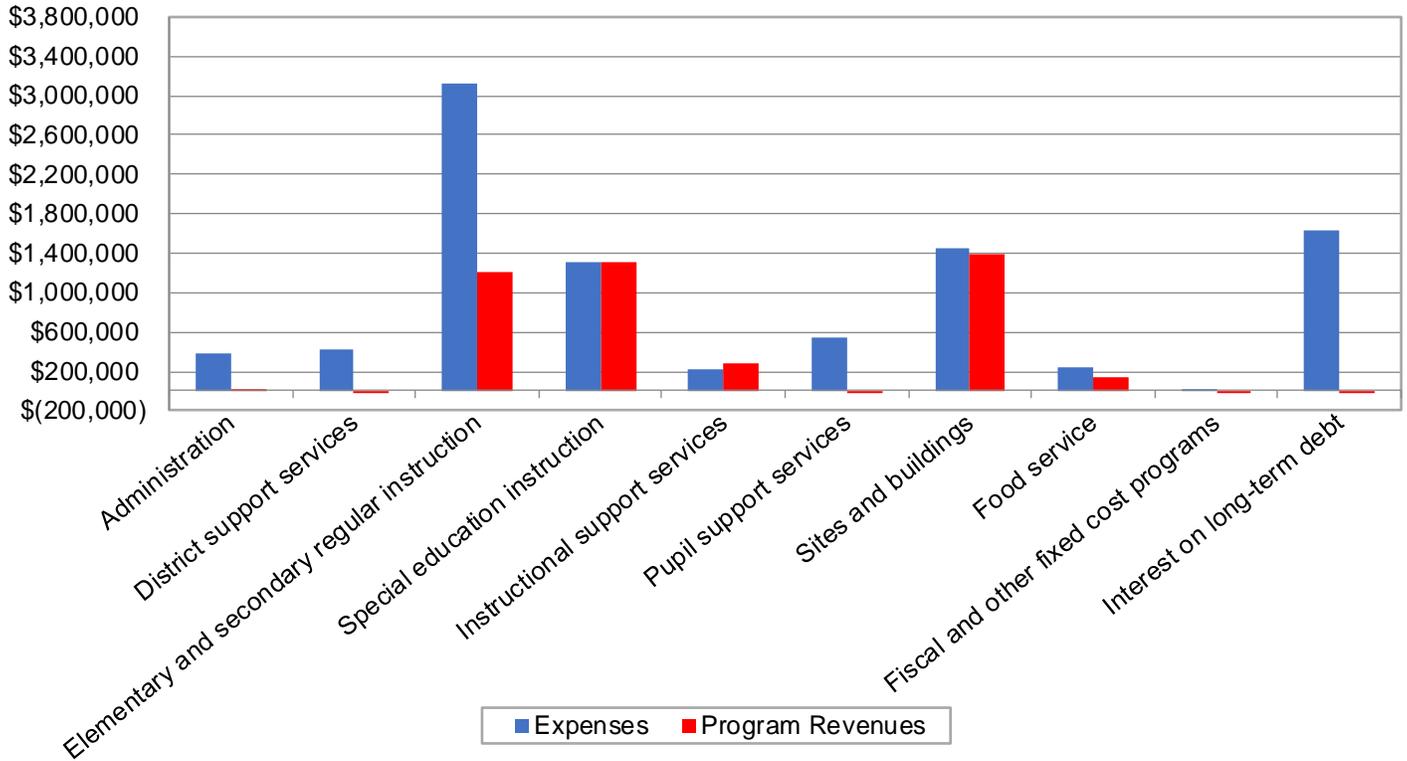
Governmental Activities. Governmental activities increased the School's net position by \$255,368. Key elements of this increase are shown in the table below.

Global Academy's Changes in Net Position

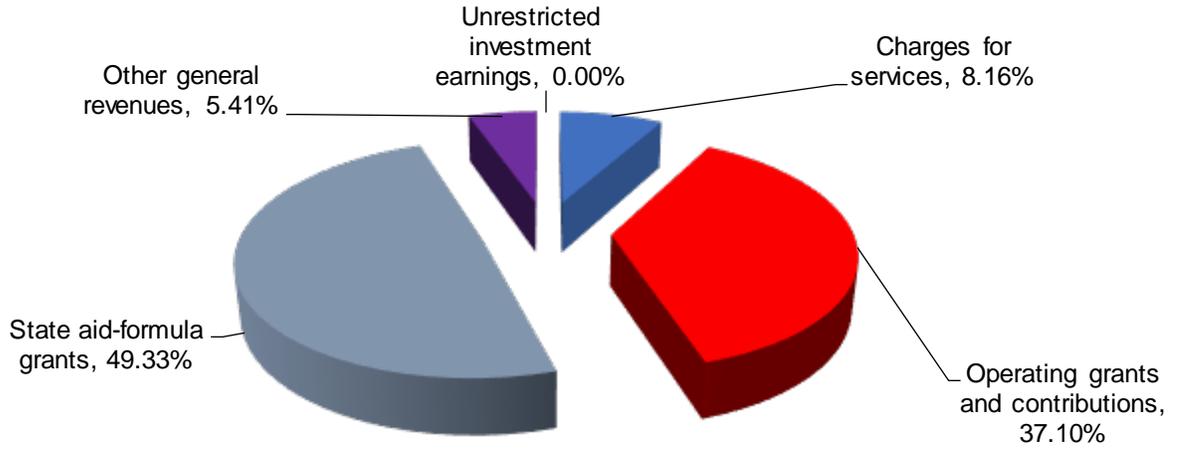
	Governmental Activities		
	2021	2020	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 780,704	\$ 784,508	\$ (3,804)
Operating grants and contributions	2,743,204	2,584,854	158,350
General revenues			
State aid-formula grants	4,722,019	4,663,236	58,783
Other general revenues	518,289	237,483	280,806
Unrestricted investment earnings	8	237	(229)
Total Revenues	<u>8,764,224</u>	<u>8,270,318</u>	<u>493,906</u>
Expenses			
Administration	372,574	375,311	(2,737)
District support services	424,480	391,771	32,709
Elementary and secondary regular instruction	3,118,764	2,942,159	176,605
Special education instruction	1,303,754	1,450,890	(147,136)
Instructional support services	532,138	228,199	303,939
Pupil support services	538,912	597,200	(58,288)
Sites and buildings	1,445,753	1,227,030	218,723
Fiscal and other fixed cost programs	27,028	9,116	17,912
Food service	236,977	255,283	(18,306)
Interest on long-term debt	508,476	777,084	(268,608)
Total Expenses	<u>8,508,856</u>	<u>8,254,043</u>	<u>254,813</u>
Change in Net Position	255,368	16,275	239,093
Net Position, July 1	(4,094,876)	(4,082,687)	(12,189)
Prior Period Adjustment	<u>-</u>	<u>(28,464)</u>	<u>28,464</u>
Net Position, June 30	<u>\$ (3,839,508)</u>	<u>\$ (4,094,876)</u>	<u>\$ 255,368</u>

The primary reason for the increase in net position is due to an increase in operating grants and contributions and other general revenues, which increased \$158,350 and \$280,806, respectively.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$2,178,278, an increase of \$1,064,694 in comparison with the prior year. Approximately 99.1 percent (\$2,159,595) constitutes unassigned fund balance that is available for spending at the School's discretion. The remainder of fund balance (\$18,683) is not available for new spending because it is nonspendable (\$18,683).

The General fund is the chief operating fund of the School. At the end of the current year, unassigned fund balance of the General fund was \$2,253,235, while total fund balance was \$2,271,918. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.0 percent of total General fund expenditures, while total fund balance represents approximately 29.3 percent of that same amount.

The fund balance of the School's General fund increased \$1,132,992 during the current fiscal year. The increase can be attributed to the issuance of the paycheck protection loan and an increase in revenue from state sources over the prior year.

The Building Company Special Revenue fund has a total deficit fund balance of \$93,640. The decrease in fund balance during the current year was \$10,234, and was the result of expenditures exceeding the revenues in the fund during the current year.

General Fund Budgetary Highlights

During the fiscal year the School revised the budget; increasing revenues and expenditures by \$460,850 and \$311,468, respectively.

Total revenues were \$35,708 more than budget with the largest revenue variance from state sources, which were \$186,249 less than anticipated.

Total expenditures were \$143,842 over budget with the largest variance in instructional support services capital outlay and district support services, which were \$382,783 over budget and \$178,411 less than anticipated, respectively.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$11,032,438 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, leasehold improvements and equipment. The total depreciation expense for the year was \$220,792. The following is a schedule of capital assets as of June 30, 2021.

Global Academy's Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2021	2020	Increase (Decrease)
Land	\$ 5,991,439	\$ 5,991,439	\$ -
Building and Improvements	4,460,824	4,556,155	(95,331)
Leasehold Improvements	62,824	16,517	46,307
Equipment, Furniture and Fixtures	517,351	471,384	45,967
Total	\$ 11,032,438	\$ 11,035,495	\$ (3,057)

Additional information on the School's capital assets can be found in Note 3B on page 41 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the School had the following long-term debt outstanding.

Global Academy's Outstanding Debt

	Governmental Activities		
	2021	2020	Increase (Decrease)
Note Payable	\$ 10,826,406	\$ 11,090,213	\$ (263,807)
Loan Payable	808,980	-	808,980
Capital Lease Payable	334,512	315,880	18,632
Total	\$ 11,969,898	\$ 11,406,093	\$ 563,805

The School's total long-term debt increased \$563,805. The primary reason for the increase was the issuance of a note for the paycheck protection program and capital leases, offset by regularly scheduled debt payments.

Additional information on the School's long-term debt can be found in Note 3D starting on page 42 of this report.

Factors Bearing on the School's Future

The School is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. K-12 funding increase in the general education formula for the last fiscal year was two percent.

The School will strive to maintain its initial commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

Requests for Information

These financial statements are designed to provide our citizens, sponsor district, customers, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Global Academy, Charter School No. 4186, 3000 5th Street NW, New Brighton, Minnesota 55112.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,888,915
Accounts receivable	5,477
Due from the Department of Education	503,238
Due from the Federal government	141,878
Prepaid items	18,683
Capital assets	
Land	5,991,439
Depreciable assets, net of accumulated depreciation	5,040,999
Total Assets	13,590,629
Deferred Outflows of Resources	
Deferred pension resources	1,773,361
Liabilities	
Accounts and other payables	57,756
Accrued salaries payable	322,157
Accrued interest payable	20,271
Noncurrent liabilities	
Due within one year	
Bonds payable	276,265
Capital lease payable	129,281
Due in more than one year	
Bonds payable	10,550,141
Loans payable	808,980
Capital lease payable	205,231
Net pension liability	3,734,119
Total Liabilities	16,104,201
Deferred Inflows of Resources	
Deferred pension resources	3,099,297
Net Position	
Net investment in capital assets	(128,480)
Unrestricted	(3,711,028)
Total Net Position	\$ (3,839,508)

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Administration	\$ 372,574	\$ -	\$ 24,452	\$ -	\$ (348,122)
District support services	424,480	-	-	-	(424,480)
Elementary and secondary regular instruction	3,118,764	704	389,105	-	(2,728,955)
Special education instruction	1,303,754	-	1,299,524	-	(4,230)
Instructional support services	532,138	-	278,450	-	(253,688)
Pupil support services	538,912	-	-	-	(538,912)
Sites and buildings	1,445,753	780,000	616,358	-	(49,395)
Food service	236,977	-	135,315	-	(101,662)
Fiscal and other fixed cost programs	27,028	-	-	-	(27,028)
Interest on long-term debt	508,476	-	-	-	(508,476)
Total Governmental Activities	\$ 8,508,856	\$ 780,704	\$ 2,743,204	\$ -	(4,984,948)
General Revenues					
State aid-formula grants					4,722,019
Other general revenues					518,289
Unrestricted investment earnings					8
Total General Revenues					5,240,316
Change in Net Position					255,368
Net Position, July 1					(4,094,876)
Net Position, June 30					\$ (3,839,508)

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Balance Sheet
Governmental Funds
June 30, 2021

	General	Building Company	Nonmajor Food Service	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 1,786,769	\$ 77,246	\$ 24,900	\$ 1,888,915
Accounts receivable	5,477	-	-	5,477
Due from the Department of Education	502,897	-	341	503,238
Due from the Federal government	133,821	-	8,057	141,878
Due from other funds	175,272	-	-	175,272
Prepaid items	18,683	-	-	18,683
	<u>\$ 2,622,919</u>	<u>\$ 77,246</u>	<u>\$ 33,298</u>	<u>\$ 2,733,463</u>
Liabilities				
Accounts and other payables	\$ 48,641	\$ -	\$ 9,115	\$ 57,756
Accrued salaries payable	302,360	-	19,797	322,157
Due to other funds	-	170,886	4,386	175,272
Total Liabilities	<u>351,001</u>	<u>170,886</u>	<u>33,298</u>	<u>555,185</u>
Fund Balances				
Nonspendable prepaid items	18,683	-	-	18,683
Unassigned	2,253,235	(93,640)	-	2,159,595
Total Fund Balances	<u>2,271,918</u>	<u>(93,640)</u>	<u>-</u>	<u>2,178,278</u>
Total Liabilities and Fund Balances	<u>\$ 2,622,919</u>	<u>\$ 77,246</u>	<u>\$ 33,298</u>	<u>\$ 2,733,463</u>

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2021

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

Total Fund Balances - Governmental Funds	\$ 2,178,278
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	11,376,970
Less: accumulated depreciation	(344,532)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Note principal payable	(10,826,406)
Loan payable	(808,980)
Capital lease payable	(334,512)
Net pension liability	(3,734,119)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of pension resources	1,773,361
Deferred inflow of pension resources	(3,099,297)
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(20,271)
Total Net Position - Governmental Activities	\$ (3,839,508)

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Building Company	Nonmajor Food Service	Total Governmental Funds
Revenues				
Revenue from federal sources	\$ 771,260	\$ -	\$ 124,138	\$ 895,398
Revenue from state sources	6,534,196	-	5,340	6,539,536
Other local and county revenue	519,217	780,000	5,837	1,305,054
Interest earned on investments	-	8	-	8
Sales and other conversion of assets	(224)	-	-	(224)
Total Revenues	<u>7,824,449</u>	<u>780,008</u>	<u>135,315</u>	<u>8,739,772</u>
Expenditures				
Current				
Administration	358,292	-	-	358,292
District support services	425,395	-	-	425,395
Elementary and secondary regular instruction	2,953,077	-	-	2,953,077
Special education instruction	1,248,144	-	-	1,248,144
Instructional support services	287,932	-	-	287,932
Pupil support services	529,781	-	-	529,781
Sites and buildings	1,298,475	24,959	-	1,323,434
Food service	-	-	238,150	238,150
Fiscal and other fixed cost programs	27,028	-	-	27,028
Capital outlay				
District support services	29,309	-	-	29,309
Instructional support services	532,624	-	-	532,624
Sites and buildings	68,679	-	-	68,679
Food service	-	-	2,013	2,013
Debt service				
Principal	-	263,807	-	263,807
Interest and other charges	-	501,476	-	501,476
Total Expenditures	<u>7,758,736</u>	<u>790,242</u>	<u>240,163</u>	<u>8,789,141</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>65,713</u>	<u>(10,234)</u>	<u>(104,848)</u>	<u>(49,369)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	46,784	46,784
Transfers out	(46,784)	-	-	(46,784)
Capital lease proceeds	305,083	-	-	305,083
Loans issued	808,980	-	-	808,980
Total Other Financing Sources (Uses)	<u>1,067,279</u>	<u>-</u>	<u>46,784</u>	<u>1,114,063</u>
Net Change in Fund Balances	1,132,992	(10,234)	(58,064)	1,064,694
Fund Balances, July 1	<u>1,138,926</u>	<u>(83,406)</u>	<u>58,064</u>	<u>1,113,584</u>
Fund Balances, June 30	<u>\$ 2,271,918</u>	<u>\$ (93,640)</u>	<u>\$ -</u>	<u>\$ 2,178,278</u>

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,064,694
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Depreciation expense	(220,792)
Capital outlays	391,473
Loss on sale of assets	(173,738)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>	
Lease principal repayments and cancellations	286,451
Loan principal repayments	263,807
Lease proceeds	(305,083)
Loan proceeds	(808,980)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(7,000)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension revenues	24,452
Pension expense	(259,916)
Change in Net Position of Governmental Activities	\$ 255,368

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 370,003	\$ 620,631	\$ 771,260	\$ 150,629
Revenue from state sources	6,660,891	6,720,445	6,534,196	(186,249)
Other local and county revenue	296,997	447,665	519,217	71,552
Sales and other conversion of assets	-	-	(224)	(224)
Total Revenues	<u>7,327,891</u>	<u>7,788,741</u>	<u>7,824,449</u>	<u>35,708</u>
Expenditures				
Current				
Administration	221,328	225,646	358,292	(132,646)
District support services	467,713	603,806	425,395	178,411
Elementary and secondary regular instruction	2,875,399	3,037,503	2,953,077	84,426
Special education instruction	1,412,309	1,368,919	1,248,144	120,775
Instructional support services	263,880	224,419	287,932	(63,513)
Pupil support services	589,515	624,494	529,781	94,713
Sites and buildings	1,263,561	1,272,794	1,298,475	(25,681)
Fiscal and other fixed cost programs	15,300	15,300	27,028	(11,728)
Capital outlay				
District support services	-	-	29,309	(29,309)
Instructional support services	159,421	149,841	532,624	(382,783)
Sites and buildings	35,000	92,172	68,679	23,493
Total Expenditures	<u>7,303,426</u>	<u>7,614,894</u>	<u>7,758,736</u>	<u>(143,842)</u>
Excess Of Revenues Over Expenditures				
	<u>24,465</u>	<u>173,847</u>	<u>65,713</u>	<u>(108,134)</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(46,784)	(46,784)
Capital lease proceeds	-	-	305,083	305,083
Loan issued	-	-	808,980	808,980
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,067,279</u>	<u>1,067,279</u>
Net Change in Fund Balances	24,465	173,847	1,132,992	959,145
Fund Balances, July 1	<u>1,138,926</u>	<u>1,138,926</u>	<u>1,138,926</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,163,391</u>	<u>\$ 1,312,773</u>	<u>\$ 2,271,918</u>	<u>\$ 959,145</u>

The notes to the financial statements are an integral part of this statement.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Global Academy, Charter School No. 4186 (the School), New Brighton, Minnesota is a charter school established October 2007 in accordance with Minnesota statute 317A. The School is authorized by the University of St. Thomas and is operating under a three-year charter school authorizer contract extending through June 30, 2023. By state statute, the charter school board must be at least five unrelated members and must include at least one licensed teacher employed at the School or a licensed teacher providing instruction under a contract between the charter school and a cooperative; the parent or legal guardian of a student enrolled in the charter school; and an interesting community member who is not employed by the School and does not have a child enrolled in the school.

The School's financial statements include all funds, departments, agencies, boards, commissions, component units, and other organizations for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there is one organization considered to be a component unit of the School. Global ABC (the Building Organization) is a Minnesota nonprofit organization classified by the Internal Revenue Service (IRS) as a 501(c)(3) tax-exempt organization which owns the real estate and building that is leased by the School for its operations. The Building Organization is governed by a separate board. Although it is legally separate from the School, the Building Organization is reported as if it were part of the School (as a blended component unit) because (1) its sole purpose is to acquire, renovate and own an educational site which is leased to the School and (2) the expectation for the debt obligations of the Building Organization to be repaid with the School's resources under the lease agreement. The building is leased to the School under the terms of a long-term agreement. All long-term debt related to the purchase of the building and property and all capital assets related to the school site is the responsibility of and will be under the ownership of the Building Organization. The Building Organization does not issue separate financial statements.

The School is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer." The authorizer monitors and evaluates the School's performance, and periodically determines whether to renew the School's charter. The School is authorized by the University of St. Thomas. Aside from its responsibilities as authorizer, the University of St. Thomas has no authority or control over the School, and it not financially accountable for it. Therefore, the School is not considered a component unit of the authorizer.

The School does not have any student activity accounts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the School.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally dedicated resources are reported as general revenues rather than as program revenues. Other items not properly included among program revenues are reported instead as *general revenues*.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The School applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the School-wide financial statements.

Major individual governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlement and donations. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Description of Funds

The various School funds have been established by the State of Minnesota Department of Education. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

The *General fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

The *Building Company fund* accounts for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue. It also collects lease payments from the School's general fund and is responsible for debt service on outstanding bonds.

Nonmajor Governmental Funds

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. The Food Service fund receives revenue from State and Federal sources as well as the receipts from the School's nutrition program.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of cash balance participation by each fund.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The School may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The School did not hold any investments at June 30, 2021 and does not have a formal investment policy.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical cost, or estimated historical cost if purchased or constructed. The School defines capital assets as those with an initial, individual cost of more than \$2,500. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings and improvements	40
Equipment, furniture and fixtures	5 - 20

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

Teachers Retirement Association (TRA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP) and TRA is as follows:

	GERP	TRA	Total Pension Expense
Pension Expense	\$ 116,857	\$ 380,127	\$ 496,984

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type of item, which arises only under a full accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position of the government-wide statements and results from actuarial calculations.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaids.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of Board of Education, which is the School's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Education modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the Board of Education delegates the authority.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The School considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The School has formally adopted a fund balance policy. The Board will endeavor to maintain a targeted fund balance of no less than 10 percent of General fund expenditures and no more the amount of the state holdback (if in excess of 10 percent) of our revenues.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General fund and Food Service fund. The school did not adopt a budget for the Building Company because it is not legally required to do so.

1. Prior to July 1, the Executive Director submits to the School's Board of Directors, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing them.
2. The Executive Director is authorized to transfer budgeted amounts between departments within any fund, however, any revisions that alter the total expenditures of any fund must be approved by the School's Board.
3. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue funds.
4. Budgets are as originally adopted or as amended by the School's Board of Directors.

Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

The General fund budget was amended during the current fiscal year. The revenues budget increased \$460,850, primarily related to revenues from other local and county revenue. Budgeted expenditures also increased by \$311,468 with the largest increase in the district support function, which increased by \$136,093. The final budgetary amounts called for an increase in fund balance of \$173,847.

B. Deficit Fund Equity

At June 30, 2021, the Building Company fund had a fund equity deficit of \$93,640. The deficit will be eliminated by future lease revenue.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds

A. Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the School's deposits and investments may not be returned or the School will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Education, the School maintains deposits at depository banks that are members of the Federal Reserve System.

Minnesota statutes require that all School deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the School.

At year end, the School's carrying amount of deposits was \$1,888,915 and the bank balance was \$1,962,431. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance was covered by collateral held by the pledging financial institution's trust department in the School's name.

Global Academy
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Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 5,991,439	\$ -	\$ -	\$ 5,991,439
Capital Assets Being Depreciated				
Buildings and improvements	4,651,485	-	-	4,651,485
Leasehold improvements	17,300	47,172	-	64,472
Equipment, furniture and fixtures	928,983	344,301	(603,710)	669,574
Total Capital Assets Being Depreciated	<u>5,597,768</u>	<u>391,473</u>	<u>(603,710)</u>	<u>5,385,531</u>
Less Accumulated Depreciation for				
Buildings and improvements	(95,330)	(95,331)	-	(190,661)
Leasehold improvements	(783)	(865)	-	(1,648)
Equipment, furniture and fixtures	(457,599)	(124,596)	429,972	(152,223)
Total Accumulated Depreciation	<u>(553,712)</u>	<u>(220,792)</u>	<u>429,972</u>	<u>(344,532)</u>
Total Capital Assets Being Depreciated, Net	<u>5,044,056</u>	<u>170,681</u>	<u>(173,738)</u>	<u>5,040,999</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,035,495</u>	<u>\$ 170,681</u>	<u>\$ (173,738)</u>	<u>\$ 11,032,438</u>

Depreciation expense was charged to functions of the School as follows:

Governmental Activities	
District support services	\$ 4,333
Elementary and secondary regular instruction	2,383
Instructional support services	113,971
Food service	324
Sites and buildings	<u>99,781</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 220,792</u>

Global Academy
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Notes to the Financial Statements
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Note 3: Detailed Notes on All Funds (Continued)

C. Interfund Receivables and Payables

The General fund has been used to pay costs related to building operations has not yet been reimbursed by the Building Company fund. The total balance due to the General fund from the Building Company fund is \$170,886. The amount due is expected to be repaid as operating revenues are available. In 2021, the Food Service fund borrowed \$4,386 from the General fund for cash flow purposes.

D. Long-term Liabilities

Note Payables

The following notes were issued to finance the acquisition and construction of the Global ABC building company (Building Organization) education facility, leased by the School. The payment of these Notes are secured by a mortgage and security agreement.

Description	Amount Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Propel Nonprofit Note Payable	\$ 1,200,000	5.50 %	08/08/18	08/31/25	\$ 1,446,045
United Theological Seminary Note Payable	250,000	2.80	08/08/18	08/07/23	250,000
IFF Mortgage Note Payable	1,500,000	7.25	08/08/18	08/31/25	1,434,491
Charter School Lease Revenue Note, Series 2019	8,050,000	3.99	08/08/18	08/31/44	7,695,870
Total Note Payables					<u>\$ 10,826,406</u>

Annual debt service requirements to maturity for the note payables are as follows:

Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2022	\$ 276,265	\$ 496,019	\$ 772,284
2023	289,469	482,816	772,285
2024	552,434	464,039	1,016,473
2025	317,993	447,291	765,284
2026	2,806,105	299,045	3,105,150
2027-2031	1,360,580	1,201,841	2,562,421
2032-2036	1,664,728	897,692	2,562,420
2037-2041	2,038,066	524,355	2,562,421
2042-2044	1,520,766	102,098	1,622,864
Total	<u>\$ 10,826,406</u>	<u>\$ 4,915,196</u>	<u>\$ 15,741,602</u>

Global Academy
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Notes to the Financial Statements
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Note 3: Detailed Notes on All Funds (Continued)

Loan Payables

The Paycheck Protection Program (PPP) loan was issued to support the School during the COVID-19 pandemic and prevent layoffs. The School applied for forgiveness and expects the loan to be forgiven in the next fiscal year. The loan is deferred for the first six months and no payments were made before June 30, 2021.

Description	Amount Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Paycheck Protection Program Loan	\$ 808,980	1.00 %	04/09/21	04/09/26	<u>\$ 808,980</u>

Annual debt service requirements to maturity for the note payables are as follows:

Year Ending June 30,	Loan Payable		
	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	201,150	16,521	217,671
2024	212,565	5,106	217,671
2025	214,701	2,970	217,671
2026	<u>180,564</u>	<u>829</u>	<u>181,393</u>
Total	<u>\$ 808,980</u>	<u>\$ 25,426</u>	<u>\$ 834,406</u>

Capital Lease Payables

Capital leases were issued for the acquisition of various assets as described below. The assets and liabilities under the capital leases were recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The assets are depreciated over the lower of their related lease terms or the estimated productive lives. Depreciation of assets under capital leases are included depreciation expense. The assets acquired through the capital leases are as follows:

Asset	2021 IPADs	Smart Boards
Machinery and Equipment	305,083	\$ 218,113
Less: Accumulated Depreciation	<u>(4,975)</u>	<u>(87,245)</u>
Total	<u>\$ 300,108</u>	<u>\$ 130,868</u>

The future minimum lease obligation and the net present value of these minimum lease payments are as follows:

Year Ending June 30,	Total
2022	\$ 138,482
2023	135,264
2024	<u>76,290</u>
Total Minimum Lease Payments	350,036
Less: Amount Representing Interest	<u>(15,524)</u>
Present Value of Minimum Lease Payments	<u>\$ 334,512</u>

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Notes to the Financial Statements
June 30, 2021

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Note Payables	\$ 11,090,213	\$ -	\$ (263,807)	\$ 10,826,406	\$ 276,265
Loan Payable	-	808,980	-	808,980	-
Capital Lease Payable	315,880	305,083	(286,451)	334,512	129,281
 Governmental Activity Long-term Liabilities	 <u>\$ 11,406,093</u>	 <u>\$ 1,114,063</u>	 <u>\$ (550,258)</u>	 <u>\$ 11,969,898</u>	 <u>\$ 405,546</u>

E. Short-term Indebtedness

A line of credit for \$200,000 was issued on June 04, 2019 and expires on December 04, 2021. The line of credit was secured by all assets of the Charter School, and has an interest rate of 4.00 percent. The line of credit was not used during the year ending June 30, 2021. No interest expense was paid on the line of credit.

F. Lease Commitments

In August 2018, the School entered into an operating lease to lease 3000 5th Street NW, New Brighton, Minnesota, from Global Academy ABC, a Minnesota nonprofit corporation. Under the terms of the lease agreement the lease term begins July 1, 2019 and ends thirty-five years later or June 30, 2053. The minimum base rent is to be adjusted at various times throughout the finance terms to reflect the items such as balloon payments, loan refinancing or changes in interest rate. Total operating lease expense was \$780,000 for the year ending June 30, 2021.

The following is a summary of future minimum lease payments:

<u>June 30,</u>	<u>Amount</u>
2022	\$ 779,045
2023	779,045
2024	779,045
2025	779,045
2026	779,045
2027 - 2031	3,895,223
2032 - 2036	3,895,223
2037 - 2041	3,895,223
2042 - 2046	3,895,223
2047 - 2051	3,895,223
2052 - 2056	1,558,089
 Total Minimum Lease Payments	 <u>\$ 24,929,429</u>

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Note 4: Defined Benefit Pension Plans - Statewide

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

A. Teacher Retirement Association (TRA)

1. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota statutes, chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members. State university, community college, and technical college educators first employed by (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by the State of Minnesota.

2. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before **July 1, 1989** receive the greater of the Tier I or Tier II as described:

Tier I:	Step Rate Formula	Percentage
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
2. Three percent per year early retirement reduction factors for all years under normal retirement age.
3. Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after **June 30, 1989** receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is also eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

3. Contribution Rates

Per Minnesota statutes, chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2019, June 30, 2020 and June 30, 2021 were:

Plan	Ending June 30, 2019		Ending June 30, 2020		Ending June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

The School's contributions to TRA for the years ending June 30, 2021, 2020 and 2019 were \$172,582, \$180,054 and \$166,860, respectively. The School's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in schedule of employer and non-employer pension allocations.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223,000
Add employer contributions not related to future contribution efforts	(56,000)
Deduct TRA's contributions not included in allocation	<u>(508,000)</u>
 Total employer contributions	 424,659,000
Total non-employer contributions	<u>35,587,000</u>
 Total contributions reported in schedule of employer and non-employer pension allocations	 <u>\$ 460,246,000</u>

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

4. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation Date	July 1, 2020
Experience Study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.50%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected Salary Increase	85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2020 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back seven years. Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10 %
International Equity	17.50	5.30
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
Unallocated Cash	2.00	-
 Total	 <u>100.00 %</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6.00 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions" and "Changes in Proportion" use the amortization period of 6.00 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5.00 years as required by GASB 68.

Changes in actuarial assumptions since the 2019 valuation:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Pension Liability

At June 30, 2021, the School reported a liability of \$2,888,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School Charter School. At June 30, 2020, the School's proportionate share was 0.0391 percent which was an increase of 0.0381 percent from its proportion measured as of June 30, 2019.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the School as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the School were as follows:

Academy's Proportionate Share of Net Pension Liability	\$ 2,888,760
State's Proportionate Share of Net Pension Liability Associated with the Charter School	242,220

For the year ended June 30, 2021, the School recognized pension expense of \$357,938. It also recognized \$22,189 as an increase to pension expense for the support provided by direct aid.

On June 30, 2021, the School had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 60,453	\$ 49,139
Changes in Actuarial Assumptions	1,234,962	2,727,692
Net Difference Between Projected and Actual Earnings on Plan Investments	30,023	-
Changes in Proportion	50,992	290,103
Contributions to TRA Subsequent to the Measurement Date	172,582	-
Total	\$ 1,549,012	\$ 3,066,934

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Deferred outflows of resources totaling \$172,582 related to pensions resulting from the School's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2022	\$ (55,857)
2023	(1,107,267)
2024	(617,258)
2025	77,864
2026	12,014

7. Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability of TRA calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Academy's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 4,422,662	\$ 2,888,760	\$ 1,624,903

The School's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, New Brighton, MN, 55103-4000; or by calling (651) 296-2409 or (800) 657-3669.

B. Public Employees Retirement Association (PERA)

1. Plan Description

The School participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

General Employees Plan

All full-time and certain part-time employees of the School are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

3. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the School was required to contribute 7.50 percent of pay for Coordinated Plan members. The School's contributions to the General Employees Fund for the years ended June 30, 2021, 2020 and 2019 were \$64,486, \$68,334 and \$69,441, respectively. The School's contributions were equal to the contractually required contributions for each year as set by state statute.

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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Pension Costs

At June 30, 2021, the School reported a liability of \$845,359 for its proportionate share of the General Employee Fund's net pension liability. The School's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the School totaled \$26,005. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The School's proportion was 0.0141 percent which was an increase of 0.0010 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized pension expense of \$114,594 for its proportionate share of General Employees Plan's pension expense. In addition, the School recognized an additional \$2,263 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2021, the School reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 7,129	\$ 3,196
Changes in Actuarial Assumptions	-	29,167
Net Difference Between Projected and Actual Earnings on Plan Investments	30,442	-
Changes in Proportion	122,292	-
Contributions to PERA Subsequent to the Measurement Date	64,486	-
Total	\$ 224,349	\$ 32,363

The \$64,486 reported as deferred outflows of resources related to pensions resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 36,350
2023	39,229
2024	31,493
2025	20,428

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Notes to the Financial Statements
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Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent per year for General Employees Plan,

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	20.00	0.75
International Stocks	17.50	5.30
Cash	2.00	-
Total	<u>100.00 %</u>	

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Academy's Proportionate Share of NPL		
1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
\$ 1,354,818	\$ 845,359	\$ 425,097

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 5: Other Information

A. Risk Management

The School is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in fiscal year 2021.

B. Contingencies

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Notes to the Financial Statements
June 30, 2021

Note 5: Other Information (Continued)

C. Economic Dependency

The School has a significant amount of revenue (74.8 percent) coming from the State of Minnesota.

D. Income Taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School also qualifies as a tax-exempt organization under applicable statutes of the State of Minnesota.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2021, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The School files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns for the prior three fiscal years are closed. No returns are currently under examination in any tax jurisdiction.

Note 6: Subsequent Event

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the School cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the School’s financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2021

Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Charter School (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0391 %	\$ 2,888,760	\$ 242,220	\$ 3,130,980	\$ 2,273,411	127.1 %	75.5 %
6/30/2019	0.0381	2,428,502	215,062	2,643,564	2,164,202	112.2	78.2
6/30/2018	0.0399	2,505,024	235,192	2,740,216	2,126,773	117.8	78.1
6/30/2017	0.0444	8,863,045	856,903	9,719,948	2,485,827	356.5	51.6
6/30/2016	0.0447	10,662,017	1,070,477	11,732,494	2,416,907	441.1	44.9
6/30/2015	0.0431	2,666,161	327,120	2,993,281	2,070,387	128.8	76.8
6/30/2014	0.0426	1,962,977	138,102	2,101,079	2,047,707	95.9	81.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Teachers Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Academy's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2021	\$ 172,582	\$ 172,582	\$ -	\$ 2,122,777	8.13 %
6/30/2020	180,054	180,054	-	2,273,411	7.92
6/30/2019	166,860	166,860	-	2,164,202	7.71
6/30/2018	159,508	159,508	-	2,126,773	7.50
6/30/2017	186,437	186,437	-	2,485,827	7.50
6/30/2016	181,268	181,268	-	2,416,907	7.50
6/30/2015	155,279	155,279	-	2,070,387	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - Teachers Retirement Association

Changes in Actuarial Assumptions

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 – No changes noted.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

2014 - The cost of living adjustment was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2034.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - Teachers Retirement Association (Continued)

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

2015 - On June 30, 2015, the Duluth Teachers Retirement Fund Association was merged into TRA. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014 - The increase in the post-retirement benefit adjustment (COLA) will be made once the plan is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability

Year	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	Academy's Covered Payroll (c)	Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0141 %	\$ 845,359	\$ 26,005	\$ 871,364	\$ 911,114	92.8 %	79.0 %
6/30/2019	0.0131	724,270	22,499	746,769	925,880	78.2	80.2
6/30/2018	0.0117	649,068	21,219	670,287	809,627	80.2	79.5
6/30/2017	0.0097	619,242	-	619,242	603,160	102.7	75.9
6/30/2016	0.0087	706,397	-	706,397	561,507	125.8	68.9
6/30/2015	0.0084	435,332	-	435,332	626,635	69.5	78.2
6/30/2014	0.0109	512,027	-	512,027	615,584	83.2	78.8

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available..

Schedule of Employer's Public Employees Retirement Association Contributions

Year	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Academy's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
6/30/2021	\$ 64,486	\$ 64,486	\$ -	\$ 859,811	7.50 %
6/30/2020	68,334	68,334	-	911,114	7.50
6/30/2019	69,441	69,441	-	925,880	7.50
6/30/2018	60,722	60,722	-	809,627	7.50
6/30/2017	45,237	45,237	-	603,160	7.50
6/30/2016	42,113	42,113	-	561,507	7.50
6/30/2015	46,371	46,371	-	626,635	7.40

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - Public Employees Retirement Association

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Global Academy
Charter School No. 4186
New Brighton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2021

Notes to the Required Supplementary Information - Public Employees Retirement Association (Continued)

Changes in Plan Provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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INDIVIDUAL FUND FINANCIAL SCHEDULES AND TABLE

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

Global Academy
Charter School No. 4186
New Brighton, Minnesota
General Fund

Schedule Of Revenues, Expenditures and Changes In Fund Balances
Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 370,003	\$ 620,631	\$ 771,260	\$ 150,629
Revenue from state sources	6,660,891	6,720,445	6,534,196	(186,249)
Other local and county revenue	296,997	447,665	519,217	71,552
Sales and other conversion of assets	-	-	(224)	(224)
Total Revenues	<u>7,327,891</u>	<u>7,788,741</u>	<u>7,824,449</u>	<u>35,708</u>
Expenditures				
Current				
Administration				
Salaries	156,609	158,710	286,640	(127,930)
Fringe benefits	39,094	40,267	71,652	(31,385)
Purchased services	1,250	1,250	-	1,250
Other	24,375	25,419	-	25,419
Total administration	<u>221,328</u>	<u>225,646</u>	<u>358,292</u>	<u>(132,646)</u>
District support services				
Salaries	74,588	197,300	80,744	116,556
Fringe benefits	54,779	61,715	46,733	14,982
Purchased services	216,041	220,766	213,115	7,651
Supplies and materials	101,955	103,274	47,957	55,317
Other	20,350	20,751	36,846	(16,095)
Total district support services	<u>467,713</u>	<u>603,806</u>	<u>425,395</u>	<u>178,411</u>
Elementary and secondary regular instruction				
Salaries	1,842,405	1,937,096	1,962,109	(25,013)
Fringe benefits	620,235	652,843	694,592	(41,749)
Purchased services	102,750	73,770	20,006	53,764
Supplies and materials	310,009	373,794	276,370	97,424
Total elementary and secondary regular instruction	<u>2,875,399</u>	<u>3,037,503</u>	<u>2,953,077</u>	<u>84,426</u>
Special education instruction				
Salaries	791,907	710,927	714,988	(4,061)
Fringe benefits	298,031	259,160	260,193	(1,033)
Purchased services	312,561	389,351	256,085	133,266
Supplies and materials	9,810	9,481	16,878	(7,397)
Total special education instruction	<u>1,412,309</u>	<u>1,368,919</u>	<u>1,248,144</u>	<u>120,775</u>

Global Academy
Charter School No. 4186
New Brighton, Minnesota
General Fund

Schedule Of Revenues, Expenditures and Changes In Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Instructional support services				
Salaries	\$ 185,592	\$ 152,385	\$ 133,425	\$ 18,960
Fringe benefits	58,038	50,030	45,132	4,898
Purchased services	18,750	19,250	27,114	(7,864)
Supplies and materials	1,500	2,754	82,261	(79,507)
Total instructional support services	<u>263,880</u>	<u>224,419</u>	<u>287,932</u>	<u>(63,513)</u>
Pupil support services				
Salaries	72,850	79,430	43,391	36,039
Fringe benefits	23,616	27,389	22,292	5,097
Purchased services	492,649	516,775	463,890	52,885
Supplies and materials	400	900	208	692
Total pupil support services	<u>589,515</u>	<u>624,494</u>	<u>529,781</u>	<u>94,713</u>
Sites and buildings				
Salaries	138,300	142,670	144,275	(1,605)
Fringe benefits	39,061	39,974	39,079	895
Purchased services	1,008,700	1,010,700	1,047,373	(36,673)
Supplies and materials	77,500	79,450	67,748	11,702
Total sites and buildings	<u>1,263,561</u>	<u>1,272,794</u>	<u>1,298,475</u>	<u>(25,681)</u>
Fiscal and other fixed cost programs				
Purchased services	<u>15,300</u>	<u>15,300</u>	<u>27,028</u>	<u>(11,728)</u>
Total current	<u>7,109,005</u>	<u>7,372,881</u>	<u>7,128,124</u>	<u>244,757</u>
Capital outlay				
District support services	-	-	29,309	(29,309)
Instructional support services	159,421	149,841	532,624	(382,783)
Sites and buildings	35,000	92,172	68,679	23,493
Total capital outlay	<u>194,421</u>	<u>242,013</u>	<u>630,612</u>	<u>(388,599)</u>
Total Expenditures	<u>7,303,426</u>	<u>7,614,894</u>	<u>7,758,736</u>	<u>(143,842)</u>
Excess Of Revenues Over Expenditures	<u>24,465</u>	<u>173,847</u>	<u>65,713</u>	<u>(108,134)</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(46,784)	(46,784)
Capital lease proceeds	-	-	305,083	305,083
Loan issued	-	-	808,980	808,980
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,067,279</u>	<u>1,067,279</u>
Net Change in Fund Balances	24,465	173,847	1,132,992	959,145
Fund Balance, July 1	<u>1,138,926</u>	<u>1,138,926</u>	<u>1,138,926</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,163,391</u>	<u>\$ 1,312,773</u>	<u>\$ 2,271,918</u>	<u>\$ 959,145</u>

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Global Academy
Charter School No. 4186
New Brighton, Minnesota
Schedule of Revenues, Expenditures and
Changes In Fund Balances - Budget and Actual
Food Service Special Revenue Funds
For the Year Ended June 30, 2021

	Food Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from federal sources	\$ 341,192	\$ 341,192	\$ 124,138	\$ (217,054)
Revenue from state sources	16,200	16,200	5,340	(10,860)
Other local and county revenue	-	-	5,837	5,837
Sales and other conversion of assets	97	97	-	(97)
Total Revenues	<u>357,489</u>	<u>357,489</u>	<u>135,315</u>	<u>(222,174)</u>
Expenditures				
Current				
Food service	291,735	345,854	238,150	107,704
Capital outlay				
Food service	-	2,141	2,013	128
Total Expenditures	<u>291,735</u>	<u>347,995</u>	<u>240,163</u>	<u>107,832</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>65,754</u>	<u>9,494</u>	<u>(104,848)</u>	<u>(114,342)</u>
Other Financing Sources				
Transfers in	-	-	46,784	46,784
Net Change in Fund Balances	65,754	9,494	(58,064)	(67,558)
Fund Balance, July 1	<u>58,064</u>	<u>58,064</u>	<u>58,064</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 123,818</u>	<u>\$ 67,558</u>	<u>\$ -</u>	<u>\$ (67,558)</u>

Fiscal Compliance Report - 6/30/2021

District: GLOBAL ACADEMY (4186-7)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$7,824,449	<u>\$7,824,446</u>	<u>\$3</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$7,758,736	<u>\$7,758,735</u>	<u>\$1</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$18,683	<u>\$18,683</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>				
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	<i>Non Spendable:</i>			
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>	4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe School Crime - Crime Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>				
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>	18 CUSTODIAL			
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>				4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance	\$2,253,235	<u>\$2,253,234</u>	<u>\$1</u>				
				20 INTERNAL SERVICE			
02 FOOD SERVICES				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Revenue	\$135,315	<u>\$135,312</u>	<u>\$3</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$240,163	<u>\$240,162</u>	<u>\$1</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>							
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	25 OPEB REVOCABLE TRUST			
<i>Restricted / Reserved:</i>				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	45 OPEB IRREVOCABLE TRUST			
<i>Unassigned:</i>				Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
04 COMMUNITY SERVICE							
Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>				

Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$0	<u>\$0</u>	<u>\$0</u>
4.32 E.C.F.E	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$0	<u>\$0</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.73 PPP Loan	\$0	<u>\$0</u>	<u>\$0</u>
4.74 EIDL Loan	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

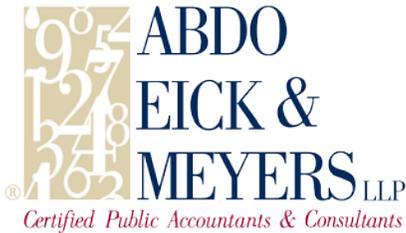
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OTHER REQUIRED REPORTS

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Members of the Board of Education
Global Academy
Charter School No. 4186
New Brighton, Minnesota

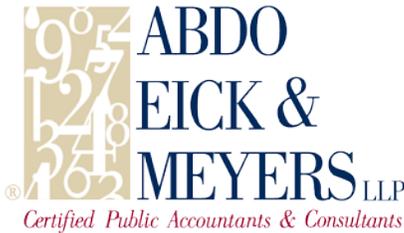
We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the governmental activities, each major fund and the aggregate remaining information of the Global Academy (the School), New Brighton, Minnesota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021.

The *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minnesota statute § 6.65, contains two categories of compliance to be tested in audits of charter schools: uniform financial accounting and reporting standards, and charter schools. In connection with our audit, nothing came to our attention that caused us to believe that the School failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the School's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
September 15, 2021



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

Members of the Board of Education
Global Academy
Charter School No. 4186
New Brighton, Minnesota

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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Global Academy (the School), New Brighton, Minnesota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo Eick & Meyers, LLP

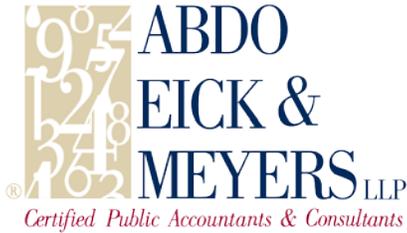
ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
September 15, 2021

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FEDERAL AWARD PROGRAMS

GLOBAL ACADEMY
CHARTER SCHOOL NO. 4186
NEW BRIGHTON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the School Board
Global Academy
New Brighton, Minnesota

Compliance

We have audited the compliance of Global Academy, New Brighton, Minnesota with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major 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 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 the School'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). Those standards and the Uniform Guidance 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 the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the 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, 2021.

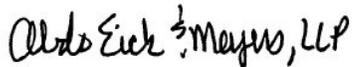
Report on Internal Control Over Compliance

Management of the School 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 the School'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 the School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
September 15, 2021

Global Academy
New Brighton, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Funding Source/Program Name	Federal Domestic Assistance Number	Pass-Through Agency	Program Expenditures
United States Department of Agriculture			
Child Nutrition Cluster			
School Breakfast Program	10.553	MN Department of Education	\$ 42,948
National School Lunch Program	10.555	MN Department of Education	<u>59,334</u>
Total Child Nutrition Cluster			<u>102,282</u>
United States Department of Agriculture			
Supplemental Nutrition Assistance Program	10.551	MN Department of Education	<u>4,096</u>
Supplemental Nutrition Assistance Program - Cluster			<u>4,096</u>
United States Department of Agriculture			
Commodity Supplemental Food Program	10.565	MN Department of Education	<u>27,689</u>
Commodity Supplemental Food Program - Cluster			<u>27,689</u>
United States Department of Education			
Special Education Grants to States	84.027	MN Department of Education	<u>92,968</u>
Special Education Cluster			<u>92,968</u>
United States Department of Education			
Title I Grants to Local Educational Agencies	84.010	MN Department of Education	174,876
United States Department of Education			
English Language Acquisition State Grants	84.365	MN Department of Education	29,934
United States Department of Education			
Supporting Effective Instruction State Grants	84.367	MN Department of Education	24,244
United States Department of Education			
Education Stabilization Fund Under The Coronavirus Aid, Relief, And Economic Security Act - COVID-19	84.425	MN Department of Education	259,691
United States Department of the Treasury			
Coronavirus Relief Fund - COVID-19	21.019	MN Department of Revenue	<u>156,676</u>
Total			<u>\$ 872,456</u>

Global Academy
New Brighton, Minnesota
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Global Academy, New Brighton, Minnesota (the School). The School's reporting entity is defined in Note 1A to the School's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-Through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2021, the School did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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Global Academy
 New Brighton, Minnesota
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of Major Programs/Projects

	CFDA No.
United States Department of Agriculture - Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
United States Department of Education	
Education Stabilization Fund Under The Coronavirus Aid, Relief And Economic Security Act	84.425
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies or material weakness that required to be reported in accordance with the Uniform Guidance. There are no instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.