

THE GLOBE ACADEMY, INC.

ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The GLOBE Academy, Inc.
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October 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Governing Body of The GLOBE Academy, Inc.
Atlanta, Georgia

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of The GLOBE Academy, Inc. (the Organization), a component unit of the DeKalb County Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The GLOBE Academy, Inc., as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The GLOBE Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, in the fiscal year ended June 30, 2023, the Organization adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The GLOBE Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The GLOBE Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 and the schedule of proportionate share of the net pension liability, schedule of contributions to retirement systems, and the budgetary comparison information on pages 39-42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The GLOBE Academy, Inc.'s basic financial statements. The supplementary information, statement of activities, on page 45, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, statement of financial position, statement of activities, and statement of cash flows are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of The GLOBE Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The GLOBE Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The GLOBE Academy, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

C. Douglas Erwin, Jr., CPA

C. Douglas Erwin, Jr., CPA
Smyrna, Georgia
October 30, 2023

THE GLOBE ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Management of The GLOBE Academy Charter School (GLOBE) offers readers of GLOBE's financial statements this narrative discussion and analysis for the fiscal year ended June 30, 2023. This narrative contains supplemental information that will enhance our readers' understanding of GLOBE's financial condition. We encourage our readers to consider the information presented here in conjunction with GLOBE's audited financial statements. We show the structure of our financial statements in Figure 1.

FY23 Financial Highlights

- Our assets exceeded our liabilities and deferred inflows by \$4,309,848 (see Figure 2 or Exhibit A). This is an increase of \$869,435 over FY22.
- Total deferred outflow of resources related to our pension plan was \$8,332,736 in FY23, an increase of 88% relative to FY22's deferred outflow of resources of \$4,435,017. Total deferred inflow of resources related to our pension plan was \$80,848 versus \$6,079,113 in FY22.
- Our total assets declined by \$538,283 primarily due to the use of cash to pay off our loan in the amount of \$3,077,069 with SouthState Bank. The loan secured our Upper Campus location at 4105 Briarcliff Road NE, Atlanta, GA 30345. Please refer to Note 11.
- Net investment in capital assets was \$6,496,727 in FY23, a 105% increase over FY22's net investment in capital assets of \$3,175,755 due to the payoff of the SouthState Bank loan. Total capital assets were \$6,497,992 in FY23 versus \$6,390,297 in FY22. The 2% increase was due to improvements which increased the value of our buildings.
- Our enrollment remained relatively stable. We began the school year with enrollment of 1,051 and ended the year with enrollment of 1,034, less than a 2% decrease. We spent \$9,357,984 to educate our students (see Figure 3 or Exhibit B), a 25% increase over FY22.
- Our governmental funds have combined fund balances of \$5,147,761 (see Exhibit C).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to GLOBE's basic financial statements. Our basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Basic Financial Statements

The Statement of Net Position (see Exhibit A) and the Statement of Activities (see Exhibit B) in the basic financial statements are our **government-wide financial statements**. These exhibits provide both end-of-year and annual information about GLOBE's financial status.

The Balance Sheet (see Exhibit C) and Statement of Revenues, Expenditures, and Changes in Fund Balances (see Exhibit E) are **fund financial statements**. These exhibits focus on our charter school as a governmental operation and provide more detail than our government-wide statements.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The Governmental Funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The Fiduciary Funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School District's most significant funds. For the year ending June 30, 2023, the general fund represents the only fund.

Exhibit D and Exhibit F are reconciliation statements which reconcile the fund financial statements with the government-wide financial statements and demonstrate the differences in accounting methods between those statements. The last section of the basic financial statements includes our **notes** and **supplementary information**. The notes to the financial statements explain some of the data contained in those statements. In particular, note 10 explains changes in our leasehold improvements and other capital assets and Note 11 explains our operating leases for our two school sites. The supplementary information explains GLOBE's individual funds and budgetary information and discloses information about long-term pension plans in which the school participates.

Figure 1 - Required Components of Annual Financial Report

- Management's Discussion and Analysis
- Basic Financial Statements
- Organization-Wide Financial Statements (Exhibits A-B)
- Fund Financial Statements (Exhibits C-F)
- Notes to the Financial Statements (Exhibit G)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide our readers with a broad overview of GLOBE's finances. The format is similar to private-sector financial statements. Government-wide statements report GLOBE's net position and how it has changed. Net position is the difference between 1) GLOBE's combined total assets and deferred outflows, and 2) its combined total liabilities and deferred inflows. GLOBE's activities include basic governmental functions such as instruction, support services, and non-instructional services. State and county funds from Dekalb County Board of Education provide virtually all of the funding for our school functions. Our business-type activities are those services for which GLOBE charges a fee which include Community Service (after-school care for students who remain on campus but not in extracurricular activities) and Food Service (lunches).

Government-Wide Financial Analysis

As of June 30, 2023, GLOBE's combined assets and deferred outflows exceeded our combined liabilities and deferred inflows by \$4,309,848 (see Figure 2 or Exhibit A). Our net position increased \$869,435 from FY22, when GLOBE's net position stood at \$3,440,413. Our net position before transfers increased by \$842,496 compared to an increase of \$1,146,557 in FY22 (see Figure 3 or Exhibit B). GLOBE's unrestricted net position was \$-2,186,879, compared to \$264,658 for FY22 (see Figure 2 or Exhibit A). This change is primarily due to increases related to GLOBE's pension liability.

GLOBE's investment in capital assets for its governmental activities, net of accumulated depreciation and related long-term debt, totaled \$6,496,727 (see Figure 2 or Exhibit A). These assets included leasehold improvements, buildings, furniture, equipment, and construction in progress.

The GLOBE Academy Charter School's Net Position
Figure 2

	Net Position	
	2023	2022
Current and other assets	\$ 6,467,729	\$ 7,102,474
Capital assets & right-to-use assets	6,516,084	6,419,622
Total assets	<u>\$ 12,983,813</u>	<u>\$ 13,522,096</u>
Deferred outflows of resources	<u>\$ 8,332,736</u>	<u>\$ 4,435,017</u>
Current liabilities	\$ 1,374,521	\$ 1,206,807
Long-term liabilities	15,551,332	7,230,780
Total liabilities	<u>\$ 16,925,853</u>	<u>\$ 8,437,587</u>
Deferred inflows of resources	<u>\$ 80,848</u>	<u>\$ 6,079,113</u>
Net Position:		
Net investment in capital assets	\$ 6,496,727	\$ 3,175,755
Unrestricted	(2,186,879)	264,658
Total Net Position	<u>\$ 4,309,848</u>	<u>\$ 3,440,413</u>

The GLOBE Academy Charter School Changes in Net Position
Figure 3

	2023	2022
Program Revenues		
Charges for Services	\$ 867,139	\$ 545,866
Operating Grants & Contributions	5,779,180	490,071
General Revenues		
County, State and Federal Funds	8,252,993	12,036,283
Other	1,043,162	449,977
Total Revenues	<u>15,942,474</u>	<u>13,522,197</u>
Expenses		
Instructional Services	9,357,984	7,509,572
Other Services	743,533	779,769
Educational Media Services	101,712	80,849
Administration	2,286,223	1,824,483
Maintenance & Operations	1,711,583	1,362,711
Community Services	786,976	691,595
Interest on Long-Term Debt	111,967	126,661
Total Expenses	<u>15,099,978</u>	<u>12,375,640</u>
Increase (Decrease) in Net Position	<u>842,496</u>	<u>1,146,557</u>
Net Position, July 1	3,440,413	2,306,645
Adjustments	26,939	(12,789)
Net Position, June 30	<u>\$ 4,309,848</u>	<u>\$ 3,440,413</u>

Fund Financial Statements

The fund financial statements provide a more detailed look at GLOBE's most significant activities. A fund is a grouping of related accounts that have been segregated for specific activities or objectives. GLOBE, like all other governmental entities in Georgia, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as Georgia's General Statutes, DCSS' Chart of Accounts, and GLOBE's own budget policies.

GLOBE uses Governmental funds to account for those functions reported as governmental activities in its government-wide financial statements. Most of GLOBE's basic services are accounted for in governmental funds (see Exhibit C and E). Our financial statements show the relationship between governmental activities (reported in the Statement of Position and the Statement of Activities) and governmental funds in two reconciliations (see Exhibits D and F).

Financial Analysis of GLOBE's Funds

The general fund is the chief operating fund of GLOBE. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,331,937, while total fund balance reached \$4,369,063 (see Exhibit C). Capital outlays during the year were \$316,590, primarily for construction in progress on the Clairmont property.

**The GLOBE Academy Charter School's Capital Assets
(Net of Depreciation)
Figure 4**

	Governmental Activities	
	2023	2022
Leasehold improvements	\$ 1,117,866	\$ 1,117,866
Land	1,300,928	1,300,928
Buildings	4,729,016	4,729,016
Construction	316,590	-
Furniture and equipment	129,244	129,244
<hr/>		
Total	\$ 7,593,644	\$ 7,277,054

Notes to the Financial Statements

Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Our notes to the financial statements begin in section G of the financial statements. Note 12 discusses an agreement to purchase real estate to improve our facilities and combine Kindergarten through 5th grades in one location. We expect to borrow approximately \$22.6 Million from proceeds issued by "Decide Dekalb" to finance the project.

Annual Budget

GLOBE adopts an annual budget for its funds. Because our budget is not legally required by General Statutes, the budgetary comparison statements are not included in the basic financial statements, but are part of the supplemental statements and schedules that follow the notes to the financial statements. Our budget is a Board adopted document that incorporates input from GLOBE's faculty, administration, and members in determining what activities will be pursued and what services will be provided during the year. It also authorizes GLOBE to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates whether or not GLOBE has succeeded in providing the services as planned (see Schedule 4).

Requests for Information

This report is designed to provide an overview of GLOBE's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, The GLOBE Academy, 4105 Briarcliff Road NE, Atlanta, GA 30345.

THE GLOBE ACADEMY, INC.
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

Exhibit "A"

**Governmental
Activities**

ASSETS

Cash and Cash Equivalents	\$ 2,351,389
Investments	3,029,509
Receivables, Net	
Federal Government	148,767
State Government	80,429
Local Government	780,698
Other	39,811
Prepaid Items	37,126
Intangible Right-to-Use Assets (Net of Accumulated Amortization)	18,093
Capital Assets, Non-Depreciable	1,617,518
Capital Assets, Depreciable (Net of Accumulated Depreciation)	4,880,473
Total Assets	<u>12,983,813</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to Defined Benefit Pension Plans	<u>8,332,736</u>
Total Deferred Outflows of Resources	<u>8,332,736</u>

LIABILITIES

Accounts Payable	\$ 380,723
Salaries and Benefits Payable	983,155
Deposits and Unearned Revenues	10,643
Net Pension Liability	15,531,975
Long-Term Liabilities	
Due Within One Year	11,878
Due in More Than One Year	7,479
Total Liabilities	<u>16,925,853</u>

DEFERRED INFLOWS OF RESOURCES

Related to Defined Benefit Pension Plans	<u>80,848</u>
Total Deferred Inflow of Resources	<u>80,848</u>

NET POSITION

Net Investment in Capital Assets	6,496,727
Unrestricted	(2,186,879)
Total Net Position	<u>\$ 4,309,848</u>

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

THE GLOBE ACADEMY, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2023

Exhibit "B"

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		Net Revenues (Expenses) and Changes In Net Position
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Instruction	\$ 9,357,984		4,756,714	(4,601,270)
Support Services				-
Pupil Services	434,267			(434,267)
Improvement of Instructional Services	-			-
Instructional Staff Training	62,603		20,706	(41,897)
Educational Media Services	101,712		132,426	30,714
General Administration	576,066		30,726	(545,340)
School Administration	1,348,104		179,578	(1,168,526)
Business Administration	362,053			(362,053)
Maintenance and Operation of Plant Services	1,711,583		505,909	(1,205,674)
Other Support Services	19,341			(19,341)
Operations of Non-Instructional Services				
Community Services	786,976	788,609		1,633
Food Services	227,322	78,530	153,121	4,329
Interest on Short-Term and Long-Term Debt	111,967			(111,967)
Total Governmental Activities	<u>\$ 15,099,978</u>	<u>\$ 867,139</u>	<u>\$ 5,779,180</u>	<u>\$ (8,453,659)</u>
GENERAL REVENUES				
DeKalb County Board of Education				8,252,993
Investment Earnings				37,029
Miscellaneous				1,006,133
Total General Revenues				<u>\$ 9,296,155</u>
SPECIAL ITEMS				
Total General Revenues and Special Items				<u>\$ 9,296,155</u>
CHANGE IN NET POSITION				\$ 842,496
NET POSITION - Beginning of Year				3,440,413
Adjustments				<u>26,939</u>
NET POSITION - End of Year				<u>\$ 4,309,848</u>

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

THE GLOBE ACADEMY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

EXHIBIT "C"

- Assets -

Current Assets

Cash and Cash Equivalents	\$ 2,351,389
Investments	3,029,509
Receivables, Net	
Federal Government	148,767
State Government	80,429
Local Government	780,698
Other	39,811
Prepaid Items	37,126
Total Assets	<u><u>\$ 6,467,729</u></u>

- Liabilities and Fund Balances -

Current Liabilities

Accounts Payable	\$ 380,723
Salaries and Benefits Payable	928,602
Deposits and Unearned Revenue	10,643
Total Liabilities	<u>1,319,968</u>

Fund Balances

Nonspendable	37,126
Unassigned	5,110,635
Total Fund Balances	<u>5,147,761</u>

Total Liabilities and Fund Balances	<u><u>\$ 6,467,729</u></u>
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The notes to the basic financial statements are an integral part of this statement.

THE GLOBE ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

EXHIBIT "D"

Total Fund Balances - Governmental Funds (Exhibit "C") \$ 5,147,761

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Buildings	5,045,606	
Furniture & Equipment	129,244	
Land	1,300,928	
Leasehold Improvements	1,117,866	
Accumulated Depreciation	<u>(1,095,652)</u>	
Total Capital Assets		6,497,992

Right-to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Leased machinery and equipment	58,971	
Accumulated amortization - Right to use assets	<u>(40,878)</u>	18,093

Some liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Net Pension Liability	(15,531,975)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

8,251,888

Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Lease liability payable	(19,357)	
Compensated absences payable	<u>(54,554)</u>	(73,910)

Rounding	(1)
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Net Position of Governmental Activities (Exhibit "A")	<u>\$ 4,309,848</u>
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The notes to the basic financial statements are an integral part of this statement.

THE GLOBE ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

EXHIBIT "E"

Revenues

Local Funds	\$ 7,093,559
Federal Funds	194,572
State Funds	6,744,042
Charges for Services	867,139
Investment Earnings	37,029
Miscellaneous	1,006,133
Total Revenues	<u>15,942,474</u>

Expenditures

Instruction	8,226,856
Support Services	
Pupil Services	377,301
Instructional Staff Training	62,603
Educational Media Services	87,980
General Administration	558,487
School Administration	1,186,660
Business Administration	297,047
Maintenance and Operation of Plant	1,464,518
Other Support Services	19,341
Community Services	786,976
Food Services Operation	227,323
Capital Outlay	316,590
Debt Services	
Principal	3,195,185
Interest	112,665
Total Expenditures	<u>16,919,532</u>
Excess of Revenues over (under) Expenditures	<u>(977,058)</u>
Net Change in Fund Balances	<u>(977,058)</u>
Fund Balances - Beginning	6,097,880
Adjustments	26,939
Fund Balances - Ending	<u>\$ 5,147,761</u>

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

THE GLOBE ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT "F"

Total Change in Fund Balances - Government Funds (Exhibit "E")	\$	(977,058)
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	316,590	
Depreciation expense	(208,896)	
Amortization expense	<u>(11,232)</u>	
		96,462

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Lease liability payments	11,436	
Other debt payments	<u>3,183,749</u>	
		3,195,185

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension expense		(1,479,950)
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on long-term debt	698	
Compensated absences	<u>7,158.00</u>	
		7,856

Rounding		1
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Change in Net Position of Governmental Activities (Exhibit "B")	\$	<u><u>842,496</u></u>
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The notes to the basic financial statements are an integral part of this statement.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 1 – DESCRIPTION OF ORGANIZATION AND REPORTING ENTITY

REPORTING ENTITY

The GLOBE Academy, Inc., “the Organization” is a non-profit corporation formed pursuant to Georgia law and operates a charter school in Atlanta, Georgia by virtue of an agreement with the Dekalb County Board of Education and the Georgia State Board of Education which authorizes the Organization to provide public education to students in grades K-8 in the Dekalb County school district. The agreement is for a term of five years and is renewed for another five years with the next term ending June 30, 2028.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Organization have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the Organization’s accounting policies are described below.

BASIS OF PRESENTATION

The charter school is considered a government entity and operates as a component unit of the Dekalb County Board of Education. Its basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements, and notes to the basic financial statements. The government-wide statements focus on the Organization as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information’s usefulness.

GOVERNMENT-WIDE STATEMENTS:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall Organization, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

The Statement of Net Position presents the Organization’s non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

- 1. Net investment in capital assets** consists of the Organization’s total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- 2. Restricted net position** consists of resources for which the Organization is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "G"

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 3 Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Organization's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the Organization related to the administration and support of the Organization programs, such as office and maintenance personnel and accounting) are not allocated to programs.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all apportioned taxes from Dekalb County Board of Education, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Organization's funds including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The Organization reports all governmental funds as the general fund, which is the Organization's primary operating fund. It accounts for all financial resources of the Organization.

BASIS OF ACCOUNTING

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

The Organization uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Organization considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The Organization considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The Organization funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Organization’s policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

NEW ACCOUNTING PRONOUNCEMENTS

In fiscal year 2023, the Organization adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The cumulative effect of GASB Statement No. 96 did not have an impact on the Organization’s financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated Section 45-8-14 authorizes the Organization to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations. The Organization’s policy is that all deposits are insured or collateralized as required by state statutes.

INVESTMENTS

The Organization can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Investments made by the Organization in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value. For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

RECEIVABLES

Receivables consist of amounts due from grant reimbursements due on Federal, State or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

FOOD INVENTORIES

Inventories of purchased foods and donated food commodities used in the preparation of meals are not reported on the financial statements. To conform to generally accepted accounting principles, these amounts should be recorded in the basic financial statements. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements.

PREPAID ITEMS

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

CAPITAL ASSETS

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The Organization does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges) and the related assets are reported as capital assets in the governmental activity's column in the government-wide financial statements. Depreciation is computed using the straight-line method for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Policy	Estimated Useful Life
Land		
Land Improvements	\$ 5,000	10-60 years
Buildings and Improvements	\$ 5,000	10-60 years
Equipment	\$ 5,000	5-25 years

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

INTANGIBLE RIGHT-TO-USE ASSETS

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. An intangible right-to-use asset represents the Organization’s right to use an underlying asset for the lease term. Lease obligations represent the Organization’s liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset. Capitalization thresholds of intangible right-to-use assets reported in the government-wide statements are as follows:

	Capitalization Policy
Land	\$5,000
Land Improvements	\$5,000
Buildings and Improvements	\$5,000
Equipment	\$5,000

The Organization is a lessee for noncancellable leases of copiers owned by 3rd parties. At the commencement of a lease, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on the straight-line basis over the shorter of the useful life of the asset or the lease term.

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The lease agreements entered into by the Organization as lessee do not contain stated interest rates. Therefore, the Organization has used its estimated incremental borrowing rate as the discount rate for the leases. The Organization has estimated this incremental borrowing rate to be 3.8% for the leases in which the Organization is currently involved as the lessee. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the Organization will make over the lease term. The Organization monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the Statement of Net Position.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

COMPENSATED ABSENCES

Compensated absences payable consists of vacation leave employees earned based on services already rendered. Vacation leave of ten (10) days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis and five (5) days is awarded to part-time personnel. No other employees are eligible to earn vacation leave. Vacation leave that is not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 240 hours. Upon terminating employment, the Organization pays all unused and un-forfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the Organization's financial statements.

LONG-TERM LIABILITIES

In the Organization's government-wide financial statements, outstanding debt is reported as liabilities. In the governmental fund financial statements, the Organization recognizes the proceeds of debt as other financing sources of the current period.

PENSIONS

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

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When multiple categories of fund balance are available for expenditure, the Organization’s policy is to spend from the most restricted category first before moving down to the next category with available funds. The Organization's fund balances are classified as follows:

Non-spendable consists of resources that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant to constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the Organization's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned consists of resources constrained by the Organization's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Executive Director, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

INCOME TAXES

The Organization is exempt from income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, the Organization is not required to pay taxes on income, and contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the IRC.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "G"

NOTE 3 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential recognition and disclosure through October 30, 2023, the date the financial statements were available to be issued. No significant events were noted for disclosure.

NOTE 4 - BUDGETARY DATA

The budget is a complete financial plan for the Organization's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general fund. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the Organization's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved.

After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the Organization's website. Two public meetings are held after advertisement where the Board receives comments on the tentative budget and makes revisions as necessary. At a subsequent meeting within the current fiscal year, the Board adopts an initial budget for the upcoming fiscal year. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year following the same procedure. All unexpended budget authority lapses at fiscal year-end.

The Executive Director is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Executive Director shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Executive Director shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds \$10,000 shall require Board approval unless the Executive Director deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Executive Director or other staff person authorized to spend funds that exceed the total budget without approval by the Board. See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 5 – DEPOSITS

COLLATERALIZATION OF DEPOSITS

Official Code of Georgia Annotated (O.C.G.A.) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. Section 45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. Acceptable security for deposits consists of any one or any combination of the following:

1. Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia.
2. Insurance on accounts provided by the Federal Deposit Insurance Corporation.
3. Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
4. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia, and
5. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for that purpose,
6. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
7. Bonds, bills, notes, certificates of indebtedness, or other obligations of subsidiary corporations of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

CATEGORIZATION OF DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Organization’s deposits may not be returned to it. The Organization’s policy is that all deposits not secured by Federal depository insurance will be secured by collateral as described above.

As of June 30, 2023, the Organization had deposits at SouthState Bank, LPL Financial, and PayPal with a carrying amount of \$2,351,389 and bank balances of \$2,370,409. LPL Financial is a custodial account for investments. Bank balances are insured by Federal depository insurance up to \$250,000 at each bank. As of June 30, 2023, \$507,520 of the total bank balances was held through LPL in money market sweep accounts at other banks, all of which are FDIC insured. The bank balances insured by Federal depository insurance were \$250,000 at SouthState and \$507,520 at LPL. Bank balances at PayPal of \$11,051 are not insured and are at risk of loss.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 5 – DEPOSITS - Continued

As of June 30, 2023, \$1,612,889 of the Organization’s bank balances were exposed to custodial credit risk, of which, \$1,601,838 was in the state of Georgia Secure Deposit Program (SDP), a multi-bank pledging pool and \$11,051 was not insured or collateralized. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

NOTE 6 – RISK MANAGEMENT

Commercial Insurance

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. The Organization carries commercial insurance for these risks. The Organization has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the Organization’s insurance coverage in any of the past three years.

Unemployment Compensation

The Organization elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

NOTE 7 – FUND BALANCE CLASSIFICATION DETAILS

The Organization’s financial statements include the following amounts presented in the aggregate at June 30, 2023.

Nonspendable	
Prepaid Assets	\$ 37,126
Unassigned	<u>5,110,635</u>
Fund Balance, June 30, 2023	<u>\$ 5,147,761</u>

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 8 - INVESTMENTS

At June 30, 2023, the Organization had the following investments:

Investment Type	Fair Value	Investment Maturity			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	More than 10 Years
Debt Securities					
U. S. Treasuries	\$ 3,029,509	\$ 3,029,509	\$ -	\$ -	\$ -
U. S. Agencies					
Explicitly Guaranteed	-	-	-	-	-
Implicitly Guaranteed	-	-	-	-	-
Corporate Debt	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-
Municipal Obligation	-	-	-	-	-
Mutual Bond Fund	-	-	-	-	-
Commercial Paper	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-
	3,029,509	\$ 3,029,509	\$ -	\$ -	\$ -
Other Investments					
Bond Mutual Funds	-				
Equity Mutual Funds	-				
Equity Securities - Domestic	-				
Total Investments	\$ 3,029,509				

Fair Value of Investments

The Organization measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. There were no investments categorized as Level 2 or Level 3.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 8 – INVESTMENTS - Continued

At June 30, 2023 the Organization had the following investments by fair value level:

<u>Investments by fair value level:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U. S. Treasuries	\$ 3,029,509	\$ 3,029,509	\$ -	\$ -
U. S. Agencies				
Explicitly Guaranteed	-	-	-	-
Implicitly Guaranteed	-	-	-	-
Corporate Debt	-	-	-	-
Mutual Bond Funds	-	-	-	-
Equity Mutual Funds - Domestic	-	-	-	-
Equity Mutual Funds - International	-	-	-	-
Equity Securities - Domestic	-	-	-	-
Equity Securities - International	-	-	-	-
Real Estate Held for Investment Purposes	-	-	-	-
Real Estate Investment Trust	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments by fair value level	\$ <u>3,029,509</u>	\$ <u>3,029,509</u>	\$ <u>-</u>	\$ <u>-</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The Organization does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Organization does not have a formal policy for managing custodial credit risk.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The Organization does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 8 – INVESTMENTS - Continued

The investments subject to credit quality risk are reflected below:

Rated Debt Investments	Fair Value	Quality Ratings				
		AAA	AA	A	A1	Unrated
Debt Securities						
U. S. Treasuries	\$ 3,029,509	\$ 3,029,509	\$ -	\$ -	\$ -	\$ -
U. S. Agencies						
Implicitly Guaranteed	-	-	-	-	-	-
Explicitly Guaranteed	-	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-	-
Corporate Debt	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-
Municipal Obligation	-	-	-	-	-	-
Mutual Bond Fund	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-	-
Totals by Quality Ratings	\$ 3,029,509	\$ 3,029,509	\$ -	\$ -	\$ -	\$ -

NOTE 9 – SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

Amounts received or receivable principally for expenditure of Federal funds are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The Organization believes that such disallowances, if any, will be immaterial.

Litigation

The Organization, in association with other Dekalb County charter schools, filed a complaint on August 19, 2020 in Superior Court of Fulton County, Georgia by which it alleges Dekalb County School District has improperly reduced its funding for per pupil allotment of QBE and local tax revenues below the contracted amounts, has failed to allocate taxpayer approved E-SPLOST revenues for technology upgrades to the charter school, has added restrictions on the transfer of federally sourced IDEA funds that are not allowed by federal law, and has not justified the deduction of the school district’s admin fee. The charter contract requires that the school district treat the charter school no less favorably than its other non-charter schools. The Organization has budgeted for the 2022-2023 school year based upon these cuts. At this date management is unable to determine the outcome of the litigation.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 10 – CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS

The following is a summary of changes in the Capital Assets during the fiscal year:

	Balances July 1, 2022	Increases	Decreases	Transfers	Balances June 30, 2023
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,300,928	\$ -	\$ -	\$ -	\$ 1,300,928
Construction in Progress	-	316,590	-	-	316,590
Total Capital Assets Not Being Depreciated	<u>1,300,928</u>	<u>316,590</u>	<u>-</u>	<u>-</u>	<u>1,617,518</u>
Capital Assets Being Depreciated/Amortized					
Buildings and Improvements	5,846,880		-	-	5,846,880
Equipment	129,244	-	-	-	129,244
Land Improvements	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Less Accumulated Depreciation/Amortization for:					
Buildings and Improvements	858,228	200,279	-	-	1,058,507
Equipment	28,527	8,617	-	-	37,144
Land Improvements	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Capital Assets, Being Depreciated/Amortized, Net	<u>5,089,369</u>	<u>(208,896)</u>	<u>-</u>	<u>-</u>	<u>4,880,473</u>
Governmental Activity Capital Assets - Net	<u>\$ 6,390,297</u>	<u>\$ 107,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,497,991</u>

Current year depreciation and amortization expense by function is as follows:

Instruction	\$ 8,617
Support Services	
Pupil Services	\$ 0
Improvements of Instructional Services	0
Educational Media Services	0
General Administration	0
School Administration	0
Business Administration	0
Maintenance and Operation of Plant	200,279
Student Transportation Services	0
Central Support Services	0
Other Support Services	0
Community Services	0
Food Services	0
	<u>\$ 208,896</u>

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "G"

NOTE 10 – CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS - Continued

The following is a summary of changes in the intangible right-to-use assets for governmental activities during the fiscal year:

	Balances July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Governmental Activities					
Intangible Right-to-Use Assets, Not Being Amortized:					
Subscription Assets-in-Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Intangible Right-to-Use Assets					
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings and Improvements	-	-	-	-	-
Equipment	58,971	-	-	-	58,971
Subscription Assets	-	-	-	-	-
Less Accumulated Amortization:					
Land and Land Improvements	-	-	-	-	-
Buildings and Improvements	-	-	-	-	-
Equipment	29,646	11,232	-	-	40,878
Subscription Assets	-	-	-	-	-
Governmental Activities					
Intangible Right-to-Use Assets - Net	\$ 29,325	\$ (11,232)	\$ -	\$ -	\$ 18,093

Current year amortization expense by function is as follows:

Instruction	\$ 11,232.00
Support Services	
Pupil Services	\$ -
Improvements of Instructional Services	-
Educational Media Services	-
General Administration	-
School Administration	-
Business Administration	-
Maintenance and Operation of Plant	-
Student Transportation Services	-
Central Support Services	-
Other Support Services	-
Community Services	-
Food Services	-
	\$ 11,232.00

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 11 – LONG-TERM DEBT

Promissory Notes

On February 28, 2020, the Organization executed an agreement titled “Amendment to Business Loan Agreement” which consolidated two prior loan agreements with CenterState Bank, N.A., now SouthState Bank. The Organization had borrowed \$3,040,000 on July 10, 2018 to purchase property located on Briarcliff Road in Atlanta, Georgia, for \$3.5 Million and had also borrowed \$500,000 on October 19, 2018 to finance building improvements. The loans were secured by real estate located at 4069, 4085, and 4105 Briarcliff Road NE in Atlanta, Georgia and all inventory, chattel paper, accounts, equipment, general intangibles and fixtures owned and hereafter acquired.

The new agreement consolidated both loans into one loan agreement in the amount of \$3,465,000 which is payable in monthly installments of \$20,732.25 which includes interest at 3.8% per annum commencing March 28, 2020 and continuing until maturity on February 28, 2040. The agreement includes a provision that allows the Organization to convert the loan to a variable rate loan with interest at LIBOR plus 2.42%. The agreement is secured by real estate located at 4069, 4085, and 4105 Briarcliff Road NE in Atlanta, Georgia and all inventory, chattel paper, accounts, equipment, general intangibles and fixtures owned and hereafter acquired. The Organization’s outstanding obligations from this promissory note contain a provision that in the event of default, the lender has the option to declare all payments immediately due and take possession of the collateral.

On June 1, 2023, the Organization repaid the loan in full. As a consequence of the payoff, the Organization received \$476,209 which is reported in the revenue caption, “Miscellaneous” in the financial statements. This amount was due to unwinding a rate conversion agreement dated February 28, 2020.

Leases

The Organization has acquired copier equipment under the provisions of various contracts that convey control of the right to use another entity’s asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes. Lease payments commenced on one lease on November 15, 2019 and the other on December 15, 2019 with monthly lease payments of \$694 and \$340, respectively. Leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Copier Lease	3.80%	10/15/19	01/15/25	\$ 39,580	\$ 12,778
Copier Lease	3.80%	11/15/19	02/15/25	19,391	6,579
				<u>\$ 58,971</u>	<u>\$ 19,357</u>

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 11 – LONG-TERM DEBT - Continued

The following is a schedule of total lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 11,878	\$ 530
2025	7,479	99
2026	-	-
2027	-	-
2028	-	-
2029 - 2033	-	-
2034 - 2038	-	-
2039 - 2043	-	-
	<u>19,357</u>	<u>629</u>
Total Principal and Interest	\$ <u>19,357</u>	\$ <u>629</u>

The changes in Long-Term Liabilities during the fiscal year ended June 30, 2023, were as follows:

	<u>Governmental Activities</u>				
	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
General Obligation (G.O.) Bonds	\$ -	\$ -	\$ -	\$ -	-
Promissory Notes	3,183,749	-	3,183,749	-	-
Leases	30,792	-	11,436	19,356	11,878
Financed Purchases	-	-	-	-	-
	<u>\$ 3,214,541</u>	<u>\$ -</u>	<u>\$ 3,195,185</u>	<u>\$ 19,356</u>	<u>\$ 11,878</u>

Compensated Absences

Compensated absences represent obligations of the Organization relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Typically, the general fund is the fund used to liquidate this long-term debt. The Organization uses the vesting method to compute compensated absences.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 12 – SIGNIFICANT COMMITMENTS

Short-Term Leases

The Organization leases facilities and equipment which do not qualify as right-to-use assets and lease liabilities under GASB 87 because they are for a term of one year or less. The lease agreements are summarized below.

The Organization utilizes educational space owned by the Dekalb County Board of Education at 2225 Heritage Drive in Atlanta, Georgia under the terms of a lease agreement which began on July 1, 2013 and continues for an initial term of five years. The agreement may be terminated by the Board of Education upon delivery of advance notice of eighteen months during the initial term if the Board of Education demonstrates the facility is needed by the school district for certain other non-charter schools located within the school district, however absent such termination the Organization may renew the lease for two additional five-year terms. The Organization exercised its option to extend the lease on June 1, 2017 and again exercised its option to extend the lease for a new five-year term beginning July 1, 2023. No rent is due for the term of the agreement, except that the Organization is responsible for all occupancy costs and for all maintenance and repairs.

The Organization leases modular buildings from Mobile Modular for a term of twelve months. Monthly rentals during the current period were \$5,240 for one lease and \$4,681 for the second lease.

Building Acquisition

The Organization entered into a “Purchase and Sale Agreement” dated May 9, 2023 to purchase a building and approximately 7.5 acres of land for the purpose of relocation of its Kindergarten through third grades currently occupying our lower campus located on Heritage Drive to an improved facility with additional space for the addition of 4th and 5th grades. The purchase price for the property is \$8.4 Million. The Organization has a sixty-day inspection period beginning on May 9, 2023 during which time it may terminate the agreement if the property is not acceptable to the Organization. The seller of the property has the obligation to survey and subdivide the property to retain a parcel which it is not selling and to rezone and permit the property. The Organization has the obligation to obtain financing for the purchase and approval of the facility by the Georgia Department of Education. The closing is to be completed within thirty (30) days of those obligations.

The Organization expects to incur \$600,000 in closing and financing fees, \$11.5 Million in costs to improve the property, and other costs and reserves for a total borrowing of approximately \$22.6 Million. The project is expected to be financed with proceeds of bonds issued by “Decide Dekalb”. The Organization does not anticipate using any of its own general funds to finance the project.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 13 – RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

For fiscal year 2023, the Organization made a prior period adjustment to record revenue for a USDA Supply Chain Assistance grant received in the prior period. This change is in accordance with generally accepted accounting principles.

Description	Net Position	General Fund
Balance, July 1, 2022, as previously reported	\$ 3,440,413	\$ 6,097,880
Grant Revenue	<u>26,939</u>	<u>26,939</u>
Balance, July 1, 2022, as restated	<u>\$ 3,467,352</u>	<u>\$ 6,124,819</u>

NOTE 14 – RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the Organization as defined in O.C.G.A. §47-3-60 and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the *O.C.G.A.* assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the *O.C.G.A.*, contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2023. The Organization's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual payroll. Employer contributions to the pension plan were \$1,472,279 for the year ended June 30, 2023.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 14 – RETIREMENT PLAN – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Organization reported a liability of \$15,531,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The Organization’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the Organization’s proportion was 0.047832%, which was an increase of 0.000841% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Organization recognized pension expense of \$2,950,224 for TRS.

At June 30, 2023, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual		
Experience	\$ 644,736	\$ 80,848
Changes of assumptions	2,338,058	- 0 -
Net difference between projected and actual		
Earnings on pension plan investments	3,051,591	- 0 -
Changes in proportion and differences between		
Organization contributions and proportionate share of		
contributions	826,072	- 0 -
District contributions subsequent to the measurement date	<u>1,472,279</u>	<u>- 0 -</u>
Totals	<u>\$ 8,332,736</u>	<u>\$ 80,848</u>

Organization contributions subsequent to the measurement date of \$1,472,279 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 14 – RETIREMENT PLAN – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	<u>TRS</u>
2024	\$ 2,115,686
2025	1,451,864
2026	969,884
2027	2,242,175
2028	-
Thereafter	-

Actuarial assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00% – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 Projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and payroll growth assumptions.

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 14 – RETIREMENT PLAN – Continued

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	TRS Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.20%
Domestic large stocks	46.30%	9.40%
Domestic small stocks	1.20%	13.40%
International developed market stocks	12.30%	9.40%
International emerging market stocks	5.20%	11.40%
Alternative	5.00%	10.50%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization’s proportionate share of the net pension liability to changes in the discount rate: The following presents the Organization’s proportionate share of the net pension liability calculated using the discount rate of 6.90% as well as what the Organization’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

THE GLOBE ACADEMY, INC.
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT “G”

NOTE 14 – RETIREMENT PLAN – Continued

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	<hr/>	<hr/>	<hr/>
Organization's proportionate share of the net pension liability	\$ 23,432,606	\$ 15,531,975	\$ 9,080,064

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

Payables to the pension plan:

As of June 30, 2023, the Organization owed \$155,070 to the pension plan for legally required contributions for the month of June 2023. The payable is due by July 20, 2023.

THE GLOBE ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE "1"

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.047832%	\$ 15,531,975	\$ -	\$ 15,531,975	\$ 7,368,764	210.78%	72.85%
2022	0.046991%	\$ 4,156,041	\$ -	\$ 4,156,041	\$ 6,460,429	64.33%	92.03%
2021	0.045649%	\$ 11,057,975	\$ -	\$ 11,057,975	\$ 6,165,367	179.36%	77.01%
2020	0.040657%	\$ 8,742,354	\$ -	\$ 8,742,354	\$ 5,906,438	148.01%	78.56%
2019	0.035049%	\$ 6,505,845	\$ -	\$ 6,505,845	\$ 5,051,215	128.80%	80.27%
2018	0.030110%	\$ 5,596,036	\$ -	\$ 5,596,036	\$ 4,230,678	132.27%	79.33%
2017	0.023282%	\$ 4,803,336	\$ -	\$ 4,803,336	\$ 3,493,784	137.48%	76.06%
2016	0.018130%	\$ 2,760,112	\$ -	\$ 2,760,112	\$ 2,581,787	106.91%	81.44%
2015	0.014995%	\$ 1,894,420	\$ -	\$ 1,894,420	\$ 1,969,293	96.20%	84.03%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

THE GLOBE ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE "2"

<u>Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>School District's covered-employee payroll</u>	<u>Contribution as a percentage of covered- employee payroll</u>
2023	\$ 1,472,279	\$ 1,472,279	\$ -	\$ 7,368,764	19.98%
2022	\$ 1,279,811	\$ 1,279,811	\$ -	\$ 6,460,429	19.81%
2021	\$ 1,175,119	\$ 1,175,119	\$ -	\$ 6,165,367	19.06%
2020	\$ 1,248,621	\$ 1,248,621	\$ -	\$ 5,906,438	21.14%
2019	\$ 1,055,704	\$ 1,055,704	\$ -	\$ 5,051,215	20.90%
2018	\$ 711,177	\$ 711,177	\$ -	\$ 4,230,678	16.81%
2017	\$ 498,563	\$ 498,563	\$ -	\$ 3,493,784	14.27%
2016	\$ 368,421	\$ 368,421	\$ -	\$ 2,581,787	14.27%
2015	\$ 258,962	\$ 258,962	\$ -	\$ 1,969,293	13.15%
2014	\$ 187,855	\$ 187,855	\$ -	\$ 1,529,764	12.28%

This schedule is intended to show information for 10 years. Due to the Organization's retention policy, only eight years of information is displayed.

THE GLOBE ACADEMY, INC.
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE "3"

Changes of benefit terms

There have been no changes in benefit terms.

Changes of assumptions:

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.9%, and the payroll growth assumption was changed from 3.00% to 2.50%.

THE GLOBE ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Schedule "4"

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	OVER/UNDER
REVENUES				
Local Funds	\$ 6,192,561	\$ 6,555,862	\$ 7,093,559	\$ 537,697
Federal Funds	15,000	170,158	194,572	24,414
State Funds	6,237,439	6,452,280	6,744,042	291,762
Charges for Services	585,000	867,100	867,139	39
Investment Earnings	-	38,000	37,029	(971)
Miscellaneous	456,000	1,005,800	1,006,133	333
Total Revenues	13,486,000	15,089,200	15,942,474	853,274
EXPENDITURES				
Instruction	7,890,000	8,275,000	8,226,856	48,144
Support Services				
Pupil Services	350,000	377,300	377,301	(1)
Improvement of Instructional Services	1,000	-	-	-
Instructional Staff Training	164,000	62,600	62,603	(3)
Educational Media Services	80,000	88,000	87,980	20
General Administration	440,000	544,700	558,487	(13,787)
School Administration	1,450,000	1,186,700	1,186,660	40
Business Administration	320,000	296,200	297,047	(847)
Maintenance and Operation of Plant Services	1,600,000	1,452,900	1,464,518	(11,618)
Other Support Services	23,000	19,300	19,341	(41)
Community Services	560,000	786,000	786,976	(976)
Food Services Operation	125,000	227,300	227,323	(23)
Capital Outlay	600,000	-	316,590	(316,590)
Debt Services				
Principal	110,117	107,896	3,195,185	(3,087,289)
Interest	3,883	3,804	112,665	(108,861)
Total Expenditures	13,717,000	13,427,700	16,919,532	(3,491,832)
Excess of Revenues over (under) Expenditures	(231,000)	1,661,500	(977,058)	(2,638,558)
Other Financing Sources (Uses)				
Transfers In	600,000	-	-	-
Net Change in Fund Balances	369,000	1,661,500	(977,058)	2,638,558
Fund Balances - Beginning	6,097,880	6,097,880	6,097,880	-
Adjustments	-	-	26,939	(26,939)
Fund Balances - Ending	\$ 6,466,880	\$ 7,759,380	\$ 5,147,761	\$ 2,611,619

BASIS OF PRESENTATION

The accompanying schedule of general fund revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements. See notes to the basic financial statements.

SECTION II

COMPLIANCE AND INTERNAL CONTROL REPORT

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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

October 30, 2023

To the Governing Body of
The GLOBE Academy, Inc.
Atlanta, Georgia

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 and the general fund information of The GLOBE Academy, Inc., as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The GLOBE Academy, Inc.'s basic financial statements and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The GLOBE Academy, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The GLOBE Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The GLOBE Academy, Inc.'s internal control.

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

Our consideration of 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.

C. Douglas Erwin, Jr., CPA

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The GLOBE Academy, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C. Douglas Erwin, Jr., CPA

C. Douglas Erwin, Jr., CPA
Smyrna, Georgia
October 30, 2023

SECTION III
FINDINGS AND QUESTIONED COSTS

THE GLOBE ACADEMY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

N/A - None

THE GLOBE ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

There was no audit of major federal award programs as of June 30, 2023 as the Dekalb County school district will undergo such audit and include the charter school as a component unit in the audit.

There were no findings or questioned costs in the current period.

THE GLOBE ACADEMY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Totals</u>
Revenues, Gains, and Other Support				
Governmental Sources	\$ 14,032,173	\$ -	\$ -	\$ 14,032,173
Charges for Services (Afterschool & Nutrition)	867,139			867,139
Fundraising, Donations, & Miscellaneous	71,508	476,209	440,670	988,387
Investment Income		37,029		37,029
Rental Income		17,750		17,750
Total Revenues	<u>14,970,820</u>	<u>530,988</u>	<u>440,670</u>	<u>15,942,478</u>
Expenditures				
Afterschool Program	786,976	-	-	786,976
Contracted Educational Services	81,595	-	-	81,595
Curriculum & Textbooks	96,631	-	-	96,631
Depreciation & Amortization Expense	19,850	200,279	-	220,129
Dues & Fees	-	41,344	-	41,344
Employee Benefits & Group Insurance	381,340	96,139	-	477,479
Expendable Equipment	14,518	-	-	14,518
Hazard Insurance	-	115,730	-	115,730
Information Technology	158,252	-	-	158,252
Interest Expense	-	111,967	-	111,967
Nutrition Program	227,322	-	-	227,322
Occupancy Costs	-	962,882	-	962,882
Office & Classroom Supplies	181,233	22,094	7,093	210,420
Payroll Taxes	121,888	39,273	-	161,161
Professional Fees	18,777	212,859	5,404	237,040
Retirement Benefits (A)	1,178,327	293,952	-	1,472,279
Salary & Wages	6,437,800	1,720,618	-	8,158,418
Telephone & Other Communications	-	1,150	-	1,150
Travel Including Field Trips	84,430	308	-	84,738
Total Expenses	<u>9,788,939</u>	<u>3,818,595</u>	<u>12,497</u>	<u>13,620,031</u>
Change in Net Position	<u>\$ 5,181,881</u>	<u>\$ (3,287,607)</u>	<u>\$ 428,173</u>	<u>\$ 2,322,447</u>

(A) Excludes non-cash entries required by GASB 68 for pension expense.

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