

FINANCIAL STATEMENTS
VOYAGER ACADEMY, INC.
DURHAM, NORTH CAROLINA
JUNE 30, 2022

VOYAGER ACADEMY, INC.
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FINANCIAL SECTION

VOYAGER ACADEMY, INC.

DURHAM, NORTH CAROLINA

JUNE 30, 2022



Independent Auditor's Report

Board of Trustees
Voyager Academy, Inc.
Durham, North Carolina

Report on the Financial Statements

Opinions

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 Voyager Academy, Inc., North Carolina, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School'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 Voyager Academy, Inc., as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Voyager 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Voyager 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 Voyager 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 Voyager 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 7-14 and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 44 through 50, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Voyager Academy, Inc.'s basic financial statements. The accompanying budgetary schedules and the schedule of expenditures of federal and state awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of Voyager 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Voyager Academy, Inc.'s internal control over financial reporting and compliance.

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
 Certified Public Accountant
 Wilson, North Carolina

October 3, 2022

Management's Discussion and Analysis
Voyager Academy, Inc.
June 30, 2022

As management of Voyager Academy, we offer readers of Voyager Academy's financial statements this narrative overview and analysis of the financial activities of Voyager Academy for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

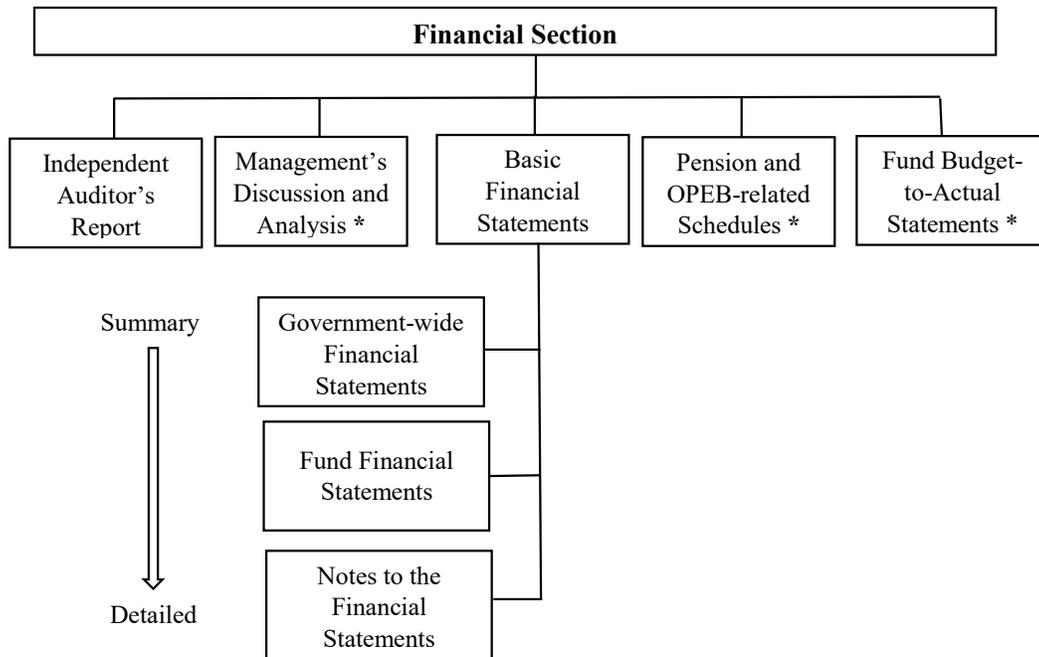
- The liabilities of Voyager Academy *exceeded* its assets at the close of the fiscal year by \$17,120,475 (***total net position***). This is due to the GASB 74/75 reporting requirements which the Board complied with in the fiscal year ending June 30, 2022. The requirement to add the net OPEB liability and net OPEB asset created a decrease in net position.
- As of the close of the current fiscal year, Voyager Academy reported ending unassigned General Fund balances of \$8,175,952, an increase of \$1,280,265 in comparison to the prior year.
- Voyager recently completed its charter renewal and received the maximum term of 10 years, through 2027.
- Voyager Academy's total business type activities liabilities of \$28,021,250 stayed the same as that of prior year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



* Required Supplementary Information

Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School's government. These statements provide more detail than the government-wide statements.

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

Government-wide Financial Statements

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

Management Discussion and Analysis
Voyager Academy, Inc.
June 30, 2022

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Government-Wide Financial Analysis

The financial analysis reveals that on June 30, 2022 cash and cash equivalents, and other current assets, accounted for 33.27% and 9.79% of total government-wide assets respectively. Compared to the prior year, there was an increase of \$1,587,983 or 14.71% in current assets. There was a decrease of \$695,737 or 4.08% in capital asset. The long-term liability under governmental activities decreased by \$2,006,615 or 12.23% in the fiscal year. The long-term liabilities under business-type activities were \$28,021,250, which is consistent with the long-term liabilities from prior year. Capital assets, net of accumulated depreciation, reached \$16,370,070 as of June 30, 2022 and accounted for 56.94% of total assets.

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The combined total liabilities of Voyager Academy *exceeded* its assets at the close of the fiscal year by \$17,120,475 as of June 30, 2022. As of June 2022, business-type activities net position

Management Discussion and Analysis
Voyager Academy, Inc.
June 30, 2022

of Voyager Academy was \$(8,391,088). As of June 30, 2021, the net position of Voyager Academy stood at \$(20,265,320). The School's net position increased by \$3,144,845 for the fiscal year ended June 30, 2022, compared to an increase of \$1,482,827 in prior year. The School's investment in capital assets (e.g., land, buildings, school furniture and equipment, computer equipment, and vehicles, etc.) less outstanding debt issued to acquire those items represents the largest portion (68.05%) of total net position and a smaller portion (31.95%) is from the net current assets after deducting the liabilities. The School uses capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining net asset amount, (\$5,475,954), is unrestricted. In 2021, the amount of net investment in capital assets was (\$11,479,193) with unrestricted net position standing at (\$8,805,347). During the year ending June 30, 2022 the School implemented Governmental Accounting Standards Board (GASB) statement 74/75, Accounting and Financial Reporting for OPEB. Voyager reported \$4,116,258 of Deferred Outflows of Resources in comparison to Deferred Inflows of Resources of \$7,096,321 resulting in a decrease in net position for 2022. For fiscal year 2022, Deferred Inflows exceed Deferred Outflows by \$2,980,063. The increase is attributable to the increase in Net Pension and OPEB Liability between the 2021 and 2022 school years.

A condensed statement of net position which summarizes the assets, liabilities, deferred inflows of resources and net position on June 30, 2022 and 2021 is as follows:

Voyager Academy's Net position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 8,838,132	\$ 7,504,570	\$ 3,541,587	\$ 3,287,166	\$ 12,379,719	\$ 10,791,736
Capital assets	281,495	334,608	16,088,575	16,731,199	16,370,070	17,065,807
Total assets	\$ 9,119,627	\$ 7,839,178	\$ 19,630,162	\$ 20,018,365	\$ 28,749,789	\$ 27,857,543
Deferred outflows of resources	4,116,258	3,861,339	-	-	4,116,258	3,861,339
Current liabilities	\$ 473,759	\$ 494,195	\$ -	\$ -	\$ 473,759	\$ 494,195
Long-term liabilities	14,395,192	16,401,807	28,021,250	28,545,000	42,416,442	44,946,807
Total liabilities	\$ 14,868,951	\$ 16,896,002	\$ 28,021,250	\$ 28,545,000	\$ 42,890,201	\$ 45,441,002
Deferred inflows of resources	7,096,321	6,543,200	-	-	7,096,321	6,543,200
Net Position:						
Net investment in capital assets	\$ 281,495	\$ 334,608	\$ (11,932,675)	\$ (11,813,801)	\$ (11,651,180)	\$ (11,479,193)
Restricted DIPNC OPEB	6,659	19,220	-	-	6,659	19,220
Unrestricted	(9,017,541)	(12,092,513)	3,541,587	3,287,166	(5,475,954)	(8,805,347)
Total Net Position	\$ (8,736,046)	\$ (11,757,905)	\$ (8,391,088)	\$ (8,526,635)	\$ (17,127,134)	\$ (20,284,540)

Management Discussion and Analysis
Voyager Academy, Inc.
June 30, 2022

The School's net position was significantly impacted by the following:

- The School adopted an annual budget and performance was measured using these budgets monthly, allowing changes in spending as needed.
- GASB 74/75 impact for the fiscal year ending June 30, 2022
- The Voyager Academy Foundation is reported as a component unit and increased the Business-type Activities Other capital assets, net of depreciation.

Revenues, expenses, transfers and the change in net position is summarized in the following condensed statement of activities for the years ended June 30, 2022 and 2021:

Voyager Academy Changes in Net position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 724,241	\$ 388,162	\$ -	\$ -	\$ 724,241	\$ 388,162
Charges for services	-	-	-	-	-	-
General revenues:						
County, State, and Federal funds	14,983,937	14,059,008	-	-	14,983,937	14,059,008
Donations and other revenues	748,856	383,728	2,013,602	1,880,012	2,762,458	2,263,740
Total revenues	<u>16,457,034</u>	<u>14,830,898</u>	<u>2,013,602</u>	<u>1,880,012</u>	<u>18,470,636</u>	<u>16,710,910</u>
Expenses:						
Instructional services	9,626,613	9,941,747	-	-	9,626,613	9,941,747
System-wide support services	3,306,040	3,051,782	-	-	3,306,040	3,051,782
Foundation	-	-	1,878,055	2,037,008	1,878,055	2,037,008
Community services	30,845	13,889	-	-	30,845	13,889
Athletics, arts and clubs	484,238	183,657	-	-	484,238	183,657
Total expenses	<u>13,447,736</u>	<u>13,191,075</u>	<u>1,878,055</u>	<u>2,037,008</u>	<u>15,325,791</u>	<u>15,228,083</u>
Increase (decrease) in net position	3,009,298	1,639,823	135,547	(156,996)	3,144,845	1,482,827
Net position, July 1	<u>(11,738,685)</u>	<u>(13,378,508)</u>	<u>(8,526,635)</u>	<u>(8,369,639)</u>	<u>(20,265,320)</u>	<u>(21,748,147)</u>
Net position, June 30	<u>\$ (8,729,387)</u>	<u>\$ (11,738,685)</u>	<u>\$ (8,391,088)</u>	<u>\$ (8,526,635)</u>	<u>\$ (17,120,475)</u>	<u>\$ (20,265,320)</u>

Management Discussion and Analysis
Voyager Academy, Inc.
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Governmental activities. Governmental activities revenue exceeded expenditures by \$3,009,298 for the period July 1, 2021 through June 30, 2022, which increased the School's net position from (\$11,738,685) to (\$8,729,387). County, state and federal funds of \$14,983,937 increased by \$924,929 or 6.58%, and make up 91.05% of total revenues. Instructional service and related expenses of \$9,626,613 account for 71.59% of total expenses and decreased by 3.17% of total expense from the prior year. Support service and related expenses of \$3,306,040 account for 24.58% of total expenses and increased by 8.33% of that expense from the prior year. This reflects both the increased program and general revenues which is partially offset against the increased costs of providing instructional services and system-wide support service activities. Ending net position increased by \$3,144,845 or 112.08% compared to that from prior year.

Business-type activities: Business-type activities increased Voyager Academy's net position by \$135,547 to (\$8,391,088).

Financial Analysis of the School's Funds

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

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

The general fund is the chief operating fund of Voyager Academy. At the end of the current fiscal year, the assets in the General Fund consisted primarily of cash and cash equivalent which equaled 99.16% of total fund assets (net of net capital assets). Accrued salary payable was the major component, which equaled 98.81% of the General Fund liabilities. The unassigned fund balance of the General Fund was \$8,175,952, an increase of \$1,280,265 from the prior year. The total fund balance reached \$8,260,254, an increase of \$1,311,045 or 18.87% compared to the total fund balance of \$6,949,209 as of June 30, 2021. The increase is attributed to increased funding and improved expense management. The primary source, 63.7%, of Major Fund revenue was \$9,664,239 that was provided by the State of North Carolina. An additional \$5,319,698, or 35.06% of Major Fund revenue, was in reimbursements by various counties for their students attending the School. The rest general revenues such as donations accounts for 1.24% of the Major Fund. Expenditures for instructional services totaled \$10,541,133, or 75.57% of Major Fund expenditures. Additional system-wide support expenditures of \$3,298,413 accounted for 23.65% of Major Fund expenditures.

On June 30, 2022, the governmental funds of Voyager Academy reported a combined fund balance of \$8,260,254, 18.87% increase over prior year.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The sum of net investment in capital asset and unrestricted net position of the Foundation at the end of the fiscal year amounted to (\$8,391,088), an increase of \$135,547 over prior year.

Capital Asset and Debt Administration

Capital Assets. Voyager Academy's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$281,495 (net of accumulated depreciation). These assets included equipment, vehicle, and furniture. Voyager Academy's investment in capital assets for its business type activities as of June 30, 2022, totaled \$16,088,575 (net of accumulated depreciation). These assets include equipment, school building, caretaker house, and media center.

Management Discussion and Analysis
Voyager Academy, Inc.
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Voyager Academy's Capital Assets
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ -	\$ -	\$ 3,505,634	\$ 3,505,634	\$ 3,505,634	\$ 3,505,634
School buildings	-	-	11,640,101	12,238,605	11,640,101	12,238,605
Caretaker house	-	-	240,839	257,192	240,839	257,192
Equipment	-	-	-	-	-	-
Media center	-	-	702,001	729,768	702,001	729,768
Electronic equipment	14,339	26,829	-	-	14,339	26,829
School furnishings	10,831	16,232	-	-	10,831	16,232
Leasehold improvements	178,343	186,828	-	-	178,343	186,828
Vehicles	77,982	104,719	-	-	77,982	104,719
Total	\$ 281,495	\$ 334,608	\$ 16,088,575	\$ 16,731,199	\$ 16,370,070	\$ 17,065,807

Additional information on School's capital assets can be found in notes I.E.3 and III.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2022, the long-term debt outstanding is associated with the School's proportionate share of the net pension and OPEB liability. The long-term debt associated with the 2012 and 2014 series bonds is held by the component unit Voyager Foundation, Inc.

Voyager Academy's Outstanding Debt
Notes Payable
Figure 6

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Net Pension Liability	\$ 2,130,583	\$ 5,347,492	\$ -	\$ -	\$ 2,130,583	\$ 5,347,492
Net OPEB Liability	12,264,609	11,054,315	-	-	12,264,609	11,054,315
Bonds Payable 2020	-	-	28,021,250	28,545,000	28,021,250	28,545,000
Total	\$ 14,395,192	\$ 16,401,807	\$ 28,021,250	\$ 28,545,000	\$ 42,416,442	\$ 44,946,807

Management Discussion and Analysis
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Voyager Foundation, Inc., a component unit of Voyager Academy secured bond financing for the facilities utilized by the School. The Foundation received bond proceeds from a bond offering during fiscal year 2013. During fiscal year 2015 the Foundation received proceeds from a second bond offering. The 2012 bond series balance decreased by 255,000, the 2014 bond series balance decreased by 167,500 in fiscal year 2018. As of June 30, 2022, the total outstanding bond amount net of discounts was \$28,021,250. The bonds are secured by buildings and land which the school leases from the Foundation.

Economic Factors

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

- Fund balance from governmental activities continues to increase due to increases in state and county funding and expense management.
- The school applied for and was awarded several federal grants to fund expenses of meeting the educational needs of special needs children.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Ellie Schollmeyer, Managing Director, 101 Hock Parc, Durham, NC 27704.

Voyager Academy, Inc.
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,756,932	\$ 809,246	\$ 9,566,178
Due from other governments	40,934	-	40,934
Accounts receivable - trade	20,415	-	20,415
Net OPEB asset	6,659	-	6,659
Prepaid expenses	13,192	-	13,192
Other assets	-	2,732,341	2,732,341
Capital assets:			
Land, improvements, and construction in progress	-	3,505,634	3,505,634
Other capital assets, net of depreciation	281,495	12,582,941	12,864,436
Total capital assets	<u>281,495</u>	<u>16,088,575</u>	<u>16,370,070</u>
Total assets	<u>9,119,627</u>	<u>19,630,162</u>	<u>28,749,789</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,116,258</u>	<u>-</u>	<u>4,116,258</u>
LIABILITIES			
Accounts payable - trade	5,652	-	5,652
Accrued salary payable	468,107	-	468,107
Derivative instrument - interest rate swap	-	-	-
Long-term liabilities:			
Net pension liability	2,130,583	-	2,130,583
Net OPEB liability	12,264,609	-	12,264,609
Due within one year	-	575,000	575,000
Due in more than one year	-	27,446,250	27,446,250
Total liabilities	<u>14,868,951</u>	<u>28,021,250</u>	<u>42,890,201</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,096,321</u>	<u>-</u>	<u>7,096,321</u>
NET POSITION			
Net investment in capital assets	281,495	(11,932,675)	(11,651,180)
Restricted:			
DIPNC OPEB plan	6,659	-	6,659
Unrestricted	<u>(9,017,541)</u>	<u>3,541,587</u>	<u>(5,475,954)</u>
Total net position	<u>\$ (8,729,387)</u>	<u>\$ (8,391,088)</u>	<u>\$ (17,120,475)</u>

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

Voyager Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional programs	\$ 9,626,613	\$ -	\$ 724,241	\$ -	\$ (8,902,372)	\$ -	\$ (8,902,372)
Athletics, arts and clubs	484,238	-	-	-	(484,238)	-	(484,238)
Support services	3,306,040	-	-	-	(3,306,040)	-	(3,306,040)
Community services	30,845	-	-	-	(30,845)	-	(30,845)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	<u>13,447,736</u>	<u>-</u>	<u>724,241</u>	<u>-</u>	<u>(12,723,495)</u>	<u>-</u>	<u>(12,723,495)</u>
Business-type activities:							
Foundation	1,878,055	-	-	-	-	(1,878,055)	(1,878,055)
Before and after school fund	-	-	-	-	-	-	-
Total business-type activities	<u>1,878,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,878,055)</u>	<u>(1,878,055)</u>
Total primary government	<u>\$ 15,325,791</u>	<u>\$ -</u>	<u>\$ 724,241</u>	<u>\$ -</u>	<u>(12,723,495)</u>	<u>(1,878,055)</u>	<u>(14,601,550)</u>
General revenues:							
Unrestricted county appropriations					5,319,698	-	5,319,698
Unrestricted State appropriations					9,664,239	-	9,664,239
Unrestricted Federal appropriations					-	-	-
OPEB capital contributions					74,185	-	74,185
Donations - general					7,706	-	7,706
Miscellaneous, unrestricted					666,965	2,013,602	2,680,567
Transfers					-	-	-
Total general revenues, special items, and transfers					<u>15,732,793</u>	<u>2,013,602</u>	<u>17,746,395</u>
Change in net position					3,009,298	135,547	3,144,845
Net position- beginning					(11,738,685)	(8,526,635)	(20,265,320)
Net position-ending					<u>\$ (8,729,387)</u>	<u>\$ (8,391,088)</u>	<u>\$ (17,120,475)</u>

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

Voyager Academy, Inc.
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School		
ASSETS				
Cash and cash equivalents	\$ 8,588,362	\$ -	\$ 168,570	\$ 8,756,932
Due from other governments	40,934	-	-	40,934
Accounts receivable - other	20,415	-	-	20,415
Prepaid items	13,192	-	-	13,192
Security deposits	-	-	-	-
Total assets	<u>8,662,903</u>	<u>-</u>	<u>168,570</u>	<u>8,831,473</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable - trade	5,652	-	-	5,652
Accrued salary payable	468,107	-	-	468,107
Total liabilities	<u>473,759</u>	<u>-</u>	<u>-</u>	<u>473,759</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>97,460</u>	<u>97,460</u>
Fund balances:				
Assigned:				
Prepaid items	13,192	-	-	13,192
Clubs and activities	-	-	71,110	71,110
Unassigned	8,175,952	-	-	8,175,952
Total fund balances	<u>8,189,144</u>	<u>-</u>	<u>71,110</u>	<u>8,260,254</u>
Total liabilities, deferred inflows of resources, and funds balances	<u>\$ 8,662,903</u>	<u>\$ -</u>	<u>\$ 168,570</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	281,495
Net OPEB asset	6,659
Deferred outflows of resources related to pensions	2,068,831
Deferred outflows of resources related to OPEB	2,047,427
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	-
Compensated absences	-
Net pension liability	(2,130,583)
Net OPEB liability	(12,264,609)
Deferred inflows of resources related to pensions	(2,755,409)
Deferred inflows of resources related to OPEB	(4,243,452)
Net position of governmental activities	<u>\$ (8,729,387)</u>

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

Voyager Academy, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School		
Revenues				
State of North Carolina	\$ -	\$ 9,664,239	\$ -	\$ 9,664,239
Local education agencies	5,319,698	-	-	5,319,698
U.S. Government	-	-	724,241	724,241
Fines and forfeitures	-	-	-	-
Contributions and donations	7,706	-	-	7,706
Other	181,006	-	485,959	666,965
Total revenues	5,508,410	9,664,239	1,210,200	16,382,849
EXPENDITURES				
Current:				
Instructional programs	1,518,007	9,023,126	709,548	11,250,681
Athletics, arts and clubs	-	78,952	405,286	484,238
Support services	2,736,252	562,161	7,627	3,306,040
Community services	30,845	-	-	30,845
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	4,285,104	9,664,239	1,122,461	15,071,804
Excess (deficiency) of revenues over expenditures	1,223,306	-	87,739	1,311,045
OTHER FINANCING SOURCES (USES)				
Transfers to foundation - rent	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	1,223,306	-	87,739	1,311,045
Fund balances-beginning	6,965,838	-	(16,629)	6,949,209
Fund balances-ending	\$ 8,189,144	\$ -	\$ 71,110	\$ 8,260,254

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

Voyager Academy, Inc.
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statements of Activities
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds	\$	1,311,045
Change in fund balance due to change in reserve for inventory		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(53,133)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		1,136,810
Contributions to the OPEB plans in the current fiscal year are not included on the statement of activities		442,787
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
OPEB non capital contributions		74,185
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		(449,301)
OBEP expense		546,885
Compensated absences		-
Rounding adjustment		-
		-
Total changes in net position of governmental activities	\$	3,009,278

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

Voyager Academy, Inc.
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds
	Major Fund
	Foundation
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 809,246
Due from other governments	-
Receivables (net)	-
Inventories	-
Total current assets	<u>809,246</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	3,505,634
Other capital assets, net	12,582,941
Total capital assets	<u>16,088,575</u>
Other assets:	
Restricted bond funds	2,732,341
Unamortized bond issuance cost, net	-
Total other assets	<u>2,732,341</u>
Total noncurrent assets	<u>18,820,916</u>
Total assets	<u><u>\$ 19,630,162</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable - trade	\$ -
Due to other funds	-
Total current liabilities	<u>-</u>
Long-term liabilities:	
Due within one year	575,000
Due in more than one year	27,446,250
Total long-term liabilities	<u>28,021,250</u>
Total liabilities	<u>28,021,250</u>
NET POSITION	
Net investment in capital assets	(11,932,675)
Restricted for capital assets	-
Unrestricted	3,541,587
Total net position	<u><u>\$ (8,391,088)</u></u>

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

Voyager Academy, Inc.
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds
	Major Fund
	Foundation
OPERATING REVENUES	
Lunch collections	\$ -
Donations	-
Rent from school	2,013,602
Total operating revenues	<u>2,013,602</u>
OPERATING EXPENSES	
Interest expense	1,168,360
Depreciation expense	642,624
Insurance	30,159
Bond fees	28,390
Amortization expense	-
Professional fees	5,229
Equipment maintenance	-
Other	3,293
Total operating expenses	<u>1,878,055</u>
Operating income (loss)	<u>135,547</u>
NONOPERATING REVENUES (EXPENSES)	
Federal reimbursements	-
Total nonoperating revenue (expenses)	<u>-</u>
Income (loss) before contributions and transfers	135,547
Interest and investment income (expense), net	-
Transfers from general fund	-
Change in net position	<u>135,547</u>
Total net position - beginning	(8,526,635)
Total net position - ending	<u>\$ (8,391,088)</u>

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

Voyager Academy, Inc.
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds
	Major Fund
	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,013,602
Cash paid for goods and services	(1,235,431)
Cash paid to employees for services	-
Net cash provided (used) by operating activities	<u>778,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Repayment of long term debt	(523,750)
Proceeds from long term debt	-
Decrease in bond issuance funds	-
Net increase in bond reserve funds	(84,037)
Transfers from general fund	-
Purchase of fixed assets	-
Net cash (used) by capital and related financing	<u>(607,787)</u>
Net increase (decrease) in cash and cash equivalents	170,384
Balances-beginning of the year	<u>638,862</u>
Balances-end of the year	<u>\$ 809,246</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 135,547
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	642,624
Amortization	-
Changes in assets and liabilities:	
(Increase) decrease in due from other governments	-
(Increase) decrease in accounts receivable	-
Increase (decrease) in accounts payable and accrued liabilities	-
Increase in salaries and wages payable	-
Total adjustments	<u>642,624</u>
Net cash provided by operating activities	<u>\$ 778,171</u>

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

**Voyager Academy, Inc., North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

Voyager Academy, Inc. is a North Carolina non-profit corporation incorporated in October 1997. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Voyager Academy, Inc. has been approved to operate the Voyager Academy, a public school serving approximately 1,353 students. The School operates under an approved charter received from the SBE and applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA) and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2027 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter.

As required by generally accepted accounting principles, these financial statements present the School and its component unit, a legally separate entity for which the School is financially accountable. Voyager Foundation, Inc. exist to provide a building and components for the School to educate their students. The Foundation is reported as an enterprise fund in the School's financial statements. The Foundation is reported using the blended presentation method which presents the component unit as a department of the School and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Voyager Foundation, Inc.	Blended	The Foundation is fiscally dependent on the School and the School is obligated to repay the debt of the Foundation. The Foundation only exists to support the School.	Yes, issued by Rebekah Barr, CPA PC 1520 Nash Street N Wilson, NC 27893 (252) 294-6920

B. Basis of Presentation

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

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

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

The School reports the following major governmental funds:

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

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

The School reports the following non-major governmental funds:

Federal Grants Fund. The Federal Grants Fund is used to account for the Federal moneys that are passed through the State Department of Public Instruction to the School.

Club and Activities Fund. The Club and Activities Fund is used to account for funds raised and earned by the various clubs and activities, including athletic teams, that are part of the School.

The School reports the following major enterprise fund:

Foundation. The Foundation Fund is used to report all activity of the Voyager Foundation, Inc. within the School. The Foundation provides a building and components to the School while in return the School pays rent to the Foundation.

C. Measurement Focus and Basis of Accounting

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

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

the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Budgetary Data

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

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the School at June 30, 2022. All appropriations lapse at year end.

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

1. Deposits and Investments

All deposits of the School are made in a local bank, whose accounts are FDIC insured.

2. Cash and Cash Equivalents

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

3. Capital Assets

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

It is the policy of the School to capitalize all capital assets costing more than \$3,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Leasehold Improvements	30
School furnishings and equipment	7-15
Electronic equipment	3-5
Vehicles	5

4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has several items that meet this criterion – pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has several items that meet this criterion – unearned revenue in the general fund and pension and OPEB related deferrals.

5. Long-term Obligations

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

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

6. Compensated Absences

All full-time employees are entitled to paid time off leave days. The number of leave days earned are based on years of services. Part-time employees are eligible for five PTO days per school year. Unused PTO days accrue and rollover to the next school year. Upon separation from the School accrued PTO leave will not be compensated. Upon the employees' request it will be reported to the employees' new school system, and at retirement will be reported to the North Carolina retirement system.

7. Net position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid rent on the school facility which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

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

8. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers’ and State Employees’ Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC’s fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board’s employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

9. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$16,989,641) consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 1,027,966
Less accumulated depreciation	(746,471)
Net OPEB asset	6,659
Pension related deferred outflows of resources	2,068,831
OPEB related deferred outflows of resources	2,047,427
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Long-term notes payable	-
Net pension liability	(2,130,583)
Net OPEB liability	(12,264,609)
Deferred inflows of resources related to pensions	(2,755,409)
Deferred inflows of resources related to OPEB	(4,243,452)
Total adjustment	<u>\$ (16,989,641)</u>

F. Revenues, Expenditures, and Expenses

1. Funding

Voyager Academy, Inc. is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Durham County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2022, Voyager Academy, Inc. received funding from the Boards of Education for Alamance (\$24,447), Caswell (\$1,041), Catawba (\$17,316), Cumberland (\$897), Durham (\$4,681,625), Franklin (\$8,684), Johnston (\$2,021), Granville (\$132,547), Guilford (\$14,519), Orange (\$237,516), Person (\$97,141), Vance (\$233), and Wake (\$101,711) Counties.

Furthermore, Voyager Academy, Inc. has received donations of cash and/or equipment from private organizations. The cash has been used for the purchase of new equipment for the School’s facilities.

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of \$1,698,233 between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the Statement of Activities.	\$ -
Depreciation expense that is recorded on the Statement of Activities but not in the fund statements.	(53,133)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,136,810
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities.	442,787
OPEB non capital contributions	74,185
Pension expense	(449,301)
OPEB expense	546,885
Rounding adjustment	-
Total	<u>\$ 1,698,233</u>

G. Use of Estimates and Assumptions

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

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

B. Deficit Fund Balance or Net position of Individual Funds

The Schools government wide financial statements present a deficit net position of \$8,729,387 due to the pension and OPEB related accruals and the School's foundation presents a deficit net position of \$8,391,088 due to construction and bond issuance.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2022, the School had deposits with banks and savings and loans with a carrying amount of \$8,756,732. The bank balances with the financial institutions totaled \$8,890,187 of which \$250,000 is insured by the FDIC. The remaining \$8,640,187 is a credit risk at June 30, 2022. The School does not have a deposit policy for custodial credit risk. The School has \$200 in petty cash.

At June 30, 2022, the Foundation had deposits with banks and savings and loans with a carrying amount of \$809,246 of which \$250,000 is insured by the FDIC. The remaining \$559,246 is a credit risk at June 30, 2022.

2. Fair Value of Financial Instruments

At June 30, 2022, the Foundation had financial instruments including cash and investments related to the Bond Funds. The Restricted Bond Funds are held by the Bank of New York Mellon Trust Company.

The Foundation estimates that the fair value of all financial instruments at June 30, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies.

Investments are composed of the following at June 30, 2022:

<u>Investments at fair value</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Dreyfus Gov't Prime Cash Management Fund	<u>\$ 2,732,341</u>	<u>\$ 2,732,341</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments in Bond Funds	<u>\$ 2,732,341</u>	<u>\$ 2,732,341</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

3. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental activities				
Capital assets being depreciated:				
School furnishings and equipment	\$ 154,697	\$ -	\$ -	\$ 154,697
Leasehold improvements	209,521	-	-	209,521
Electronic equipment	530,064	-	-	530,064
Vehicles	133,684	-	-	133,684
Total capital assets being depreciated	<u>1,027,966</u>	-	-	<u>1,027,966</u>
Less accumulated depreciation for:				
School furnishings and equipment	138,465	5,401	-	143,866
Leasehold improvements	22,693	8,485	-	31,178
Electronic equipment	503,235	12,490	-	515,725
Vehicles	28,965	26,737	-	55,702
Total accumulated depreciation	<u>693,358</u>	<u>\$ 53,113</u>	<u>\$ -</u>	<u>746,471</u>
Total capital assets being depreciated, net	<u>334,608</u>			<u>281,495</u>
Governmental activity capital assets, net	<u>\$ 334,608</u>			<u>\$ 281,495</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 53,133
Supporting services	-
	<u>\$ 53,133</u>

	Beginning	Increases	Decreases	Ending
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,505,634	\$ -	\$ -	\$ 3,505,634
Total capital assets not being depreciated	3,505,634	-	-	3,505,634
Capital assets being depreciated:				
School buildings	17,955,133	-	-	17,955,133
Caretaker house	490,597	-	-	490,597
Equipment	499,081	-	-	499,081
Media center	1,110,673	-	-	1,110,673
Total capital assets being depreciated	20,055,484	-	-	20,055,484
Less accumulated depreciation for:				
School buildings	5,716,528	598,504	-	6,315,032
Caretaker house	233,405	16,353	-	249,758
Equipment	499,082	-	-	499,082
Media center	380,904	27,767	-	408,671
Total accumulated depreciation	6,829,919	\$ 642,624	\$ -	7,472,543
Capital assets being depreciated, net	13,225,565			12,582,941
Business-type activities capital assets, net	\$ 16,731,199			\$ 16,088,575

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the

member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was 16.38% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$1,136,810 for the year ended June 30, 2022.

Refunds of Contributions – Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

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

At June 30, 2022, the Board reported a liability of \$2,130,583 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 asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2022 and 2021 the Board's proportion was .04550% and .04426%, respectively.

For the year ended June 30, 2022, the Board recognized pension expense of \$449,301. At June 30, 2022, the Board 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	\$ 119,763	\$ 48,388
Changes of assumptions	799,205	-
Net difference between projected and actual earnings on pension plan investments	-	2,639,819
Changes in proportion and differences between Board contributions and proportionate share of contributions	13,053	67,202
Board contributions subsequent to the measurement date	<u>1,136,810</u>	<u>-</u>
Total	<u>\$ 2,068,831</u>	<u>\$ 2,755,409</u>

\$1,136,810 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (347,370)
2024	(374,803)
2025	(809,622)
2026	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2018. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected

inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the 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 County’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 7,146,780	\$ 2,130,583	\$ (2,039,133)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Employment Benefits

1. Healthcare Benefits

Plan description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.16 (c) and (d) of Session Law 2020-57 repeals retiree medical benefits for employees first hired January 1, 2022. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2022, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2022 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and

administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.38% of covered payroll which amounted to \$436,541.

At June 30, 2022, Board reported a liability of \$12,264,609 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2021, the Board's proportion was 0.03967% and 0.03985%, respectively.

\$436,541 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$ 1,558,310
2024	902,591
2025	55,304
2026	257,538
2027	(122,218)
Thereafter	-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.50%
Salary increases based on service	3.25% to 8.05% which includes a 3.25 inflation and productivity factor.
Investment rate of return	6.50%
Healthcare cost trend rates	
Medical	6.00% grading down to 5.00% by 2026 for non-MA and MA coverage
Prescription drug	9.50% grading down to 5.00% by 2030
Administrative costs	3.00%
Post-Retirement Mortality Rates	The Plan uses Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.16%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	<u>1% decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB liability	\$ 14,588,574	\$ 12,264,609	\$ 10,382,458

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (6.5% Medical, 7.25% Rx, 3.00 Admin)</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 9,932,264	\$ 12,264,609	\$ 15,358,678

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

2. Disability Benefits

Plan description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership

service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$6,246 for the year ended June 30, 2022.

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

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

At June 30, 2022, Board reported an asset of \$6,659 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2022 and 2020, the Board's proportion was 0.04077% and 0.03999%, respectively.

\$6,246 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$	4,077
2024		2,690
2025		3,572
2026		1,259
2027		86
Thereafter		1,029

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB asset	\$ 4,205	\$ 6,659	\$ 8,930

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the healthcare cost trend rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be in relation to the healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB asset	\$ 7,009	\$ 6,659	\$ 6,224

Common actuarial assumptions for both OPEB plans. The total OPEB asset was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB asset was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	<u>100%</u>	

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources of Related to OPEB

Following is information related to the proportionate share and pension expense:

	RHBF	DIPNC	Total
OPEB Expense	\$ (561,247)	\$ 14,363	\$ (546,884)
OPEB Liability (Asset)	12,264,609	(6,659)	12,257,950
Proportionate share of the net OPEB liability (asset)	0.03967%	0.04077%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	72,408	16,979	89,387
Changes of assumptions	1,003,139	1,169	1,004,308
Net difference between projected and actual earnings on plan investments	-	650	650
Changes in proportion and differences between Board contributions and proportionate share of contributions	509,338	957	510,295
Board contributions subsequent to the measurement date	436,541	6,246	442,787
Deferred of Inflows of Resources			
Differences between expected and actual experience	228,301	-	228,301
Changes of assumptions	2,980,566	2,418	2,982,984
Net difference between projected and actual earnings on plan investments	6,274	-	6,274
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,021,269	4,624	1,025,893

3. Deferred Inflows/Outflows of Resources

The balance in deferred inflows and outflows of resources at year-end is composed of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209,150	\$ 276,689
Changes of assumptions	1,803,513	2,982,984
Net difference between projected and actual earnings on pension plan investments	650	2,646,093
Changes in proportion and differences between Board contributions and proportionate share of contributions	523,348	1,093,095
Board contributions subsequent to the measurement date	1,579,597	-
Deferred revenues	-	97,460
Total	<u>\$ 4,116,258</u>	<u>\$ 7,096,321</u>

4. Long-term Obligations

a.) Bonds Payable

Series 2020 Bonds – On March 2, 2020, the Arizona Industrial Development Authority of the State of Arizona issued \$28,545,000 of federally taxable education revenue refunding bonds (the “Bonds”) to Voyager Foundation Inc. with final maturity on October 1, 2049. The proceeds were used to refinance the Series 2012A, 2012B, 2014A, 2014B and 2018 bonds into one 2020 bond.

All loan payments and other amounts required to be paid by the Foundation are deposited into various 2020 Bond Funds. Amounts are disbursed from these funds when principal, interest and other payments are due. At June 30, 2022, the amount in these funds combined were \$2,732,341.

Future debt maturities are as follows:

	Voyager Foundation		
	Principal	Interest	Total
Year Ending June 30, 2023	\$ 575,000	\$ 1,154,852	\$ 1,729,852
Year Ending June 30, 2024	595,000	1,136,314	1,731,314
Year Ending June 30, 2025	615,000	1,117,141	1,732,141
Year Ending June 30, 2026	630,000	1,097,414	1,727,414
Year Ending June 30, 2027	655,000	1,153,611	1,808,611
Years Ending June 30, 2028-2032	3,640,000	4,918,803	8,558,803
Years Ending June 30, 2033-2037	4,395,000	4,107,389	8,502,389
Years Ending June 30, 2038-2042	5,400,000	3,035,964	8,435,964
Years Ending June 30, 2043-2047	6,705,000	1,841,101	8,546,101
Years Ending June 30, 2048-2050	4,811,250	573,054	5,384,304
	<u>\$ 28,021,250</u>	<u>\$ 20,135,643</u>	<u>\$ 48,156,893</u>

b.) Changes in General Long-Term Obligations

	Balance			Balance June 30, 2022	Current Portion
	July 1, 2021	Increases	Decreases		
Governmental activities:					
Net pension liability	\$ 5,347,492	\$ -	\$ 3,216,909	\$ 2,130,583	\$ -
Net OPEB liability	11,054,315	1,210,294	-	12,264,609	-
Total Governmental Activities	<u>\$ 16,401,807</u>	<u>\$ 1,210,294</u>	<u>\$ 3,216,909</u>	<u>\$ 14,395,192</u>	<u>\$ -</u>
Business-type activities:					
Bond Payable - 2020	28,545,000	-	523,750	28,021,250	575,000
Total Business-Type Activities	<u>\$ 28,545,000</u>	<u>\$ -</u>	<u>\$ 523,750</u>	<u>\$ 28,021,250</u>	<u>\$ 575,000</u>

c. Transfers

During the year ended June 30, 2022, the School transferred \$2,013,602 from the local fund to the foundation for rent for a total of \$2,013,602 to the foundation for debt repayments.

5. Risk Management

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

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

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

C. Fund Balance

Voyager Academy, Inc. has a revenue spending policy that provides policy for programs with multiple revenue sources. The Board of Directors will use resources in the following hierarchy: federal funds, State funds, local non-School funds, Voyager Academy, Inc. funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School. The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	\$8,260,254
Less:	
Clubs and activities	71,110
Prepaid Items	13,192
Appropriated Fund Balance in 2022 budget	-
Remaining Fund Balance	\$8,175,952

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Subsequent Events – Date of Management’s Review

The School has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the Independent Auditor’s Report. The School has not evaluated subsequent events after that date.

Required Supplemental Financial Data

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of the Board's Proportionate Share of Net OPEB Liability for Retiree Health Benefit Fund
- Schedule of Board Contributions to Retiree Health Benefit Fund
- Schedule of the Board's Proportionate Share of Net OPEB Asset for Disability Income Plan of North Carolina
- Schedule of Board Contributions to Disability Income Plan of North Carolina

Voyager Academy, Inc.
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.0455%	0.0443%	0.0446%	0.0413%	0.0460%	0.0442%	0.0416%	0.0401%	0.0343%
Board's proportionate share of the net pension liability (asset)	\$ 2,130,583	\$ 5,347,492	\$ 4,622,626	\$ 4,112,860	\$ 3,649,843	\$ 4,063,356	\$ 1,531,200	\$ 470,495	\$ 399,874
Board's covered-employee payroll	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395	\$ 5,058,678	\$ 4,785,672	\$ 4,582,532	\$ 4,582,532
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.55%	87.13%	80.54%	82.29%	62.68%	80.32%	32.00%	10.27%	8.73%
Plan fiduciary net position as a percentage of the total pension liability	94.86%	85.98%	92.01%	87.61%	89.51%	87.32%	94.64%	98.24%	90.60%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Voyager Academy, Inc.
Schedules of Board Contributions
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,136,810	\$ 967,503	\$ 795,987	\$ 705,399	\$ 538,796	\$ 581,175	\$ 462,869	\$ 437,889	\$ 398,222
Contributions in relation to the contractually required contribution	1,136,810	967,503	795,987	705,399	538,796	581,175	462,869	437,889	398,222
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 6,940,235	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395	\$ 5,058,678	\$ 4,785,672	\$ 4,582,532
Contributions as a percentage of covered-employee payroll	16.38%	14.78%	12.97%	12.29%	10.78%	9.98%	9.15%	9.15%	8.69%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Voyager Academy, Inc.
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Retiree Health Benefit Fund
Last Six Fiscal Years *

	2022	2021	2020	2019	2018	2017
Board's proportion of the net pension liability (asset)	0.03967%	0.03985%	0.03987%	0.03839%	0.04413%	0.04049%
Board's proportionate share of the net pension liability (asset)	\$ 12,264,609	\$ 11,054,315	\$ 12,616,170	\$ 10,935,529	\$ 14,468,414	\$ 17,614,820
Board's covered-employee payroll	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395	\$ 5,058,678
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	187.36%	180.12%	219.81%	218.79%	248.45%	348.21%
Plan fiduciary net position as a percentage of the total pension liability	7.72%	6.92%	4.40%	4.40%	3.52%	2.41%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Voyager Academy, Inc.
Schedules of Board Contributions
Retiree Health Benefit Fund
Last Six Fiscal Years *

	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 436,541	\$ 437,275	\$ 397,073	\$ 359,874	\$ 302,386	\$ 350,568
Contributions in relation to the contractually required contribution	436,541	437,275	397,073	359,874	302,386	350,568
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 6,940,235	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395
Contributions as a percentage of covered-employee payroll	6.29%	6.68%	6.47%	6.27%	6.05%	6.02%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Voyager Academy, Inc.
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
Disability Income Plan of North Carolina
Last Six Fiscal Years *

	2022	2021	2020	2019	2018	2017
Board's proportion of the net pension asset	0.04077%	0.03907%	0.03999%	0.03779%	0.04215%	0.04117%
Board's proportionate share of the net pension asset	\$ 6,659	\$ 19,220	\$ 17,256	\$ 11,479	\$ 25,762	\$ 25,567
Board's covered-employee payroll	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395	\$ 5,058,678
Board's proportionate share of the net pension liability asset as a percentage of its covered-employee payroll	0.10%	0.31%	0.30%	0.23%	0.44%	0.51%
Plan fiduciary net position as a percentage of the total pension asset	105.18%	115.57%	116.47%	108.47%	116.23%	116.06%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Voyager Academy, Inc.
Schedules of Board Contributions
Disability Income Plan of North Carolina
Last Six Fiscal Years *

	2022	2021	2020	2019	2018	2017
Contractually required contributions	\$ 6,246	\$ 5,891	\$ 6,137	\$ 8,035	\$ 6,997	\$ 22,129
Contributions in relation to the contractually required contribution	6,246	5,891	6,137	8,035	6,997	22,129
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 6,940,235	\$ 6,546,027	\$ 6,137,136	\$ 5,739,616	\$ 4,998,109	\$ 5,823,395
Contributions as a percentage of covered-employee payroll	0.09%	0.09%	0.10%	0.14%	0.14%	0.38%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

NON-MAJOR FUNDS

Federal Grants Fund -

This fund is used to account for the federal grant activity of the School.

Club and Activities Fund -

This fund is used to account for funds raised and earned by the various clubs and activities, including athletic teams, that are part of the School.

Voyager Academy, Inc.
Non-major Governmental Fund
Balance Sheet
June 30, 2022

	Federal Grants Fund	Club and Activities Fund	Total 2022
Assets			
Cash and cash equivalents	\$ -	\$ 168,570	\$ 168,570
Due from other governments	-	-	-
Total assets	\$ -	\$ 168,570	\$ 168,570
 Liabilities and Fund Balances			
Liabilities			
Accrued salaries and wages payable	\$ -	\$ -	\$ -
Deferred revenue	-	97,460	97,460
Total liabilities	-	97,460	97,460
Fund balances-unreserved	-	71,110	71,110
Total liabilities and fund equity	\$ -	\$ 168,570	\$ 168,570

Voyager Academy, Inc.
Non-major Governmental Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Federal Grants Fund	Club and Activities Fund	Total 2022
Revenues:			
U.S. Government			
Title 1 Basic Funding	\$ 73,301	\$ -	\$ 73,301
Improving Teacher Quality	31,183	-	31,183
Student Support and Academic Enrich	20,047	-	20,047
Education Stabilization Funds	349,069	-	349,069
Special Education Cluster	243,575	-	243,575
Federal USDA reimbursements	-	7,066	7,066
Total	<u>717,175</u>	<u>7,066</u>	<u>724,241</u>
Donations	-	-	-
Other	-	485,959	485,959
Total	<u>-</u>	<u>485,959</u>	<u>485,959</u>
Total Revenues	<u>717,175</u>	<u>493,025</u>	<u>1,210,200</u>
Expenditures:			
Current			
Instructional programs:			
Regular programs	142,118	-	142,118
Special programs	320,937	-	320,937
Other	246,493	-	246,493
Total	<u>709,548</u>	<u>-</u>	<u>709,548</u>
Support services:			
School administrative	7,627	-	7,627
Club and activity expenditures	-	405,286	405,286
Total	<u>7,627</u>	<u>405,286</u>	<u>412,913</u>
Non-programmed charges:			
Capital outlay	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>717,175</u>	<u>405,286</u>	<u>1,122,461</u>
Revenues over expenditures	<u>-</u>	<u>87,739</u>	<u>87,739</u>
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>87,739</u>	<u>87,739</u>
Fund balances:			
Beginning of year, July 1	-	(16,629)	(16,629)
End of year, June 30	<u>\$ -</u>	<u>\$ 71,110</u>	<u>\$ 71,110</u>

Voyager Academy, Inc.
All Fund Types, Excluding Foundation
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	2022		
	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
State of North Carolina	\$ 8,755,909	\$ 9,664,239	\$ 908,330
Boards of Education	4,968,041	5,319,698	351,657
U.S. Government	1,094,132	724,241	(369,891)
Contributions and donations	-	7,706	7,706
Others	457,000	666,965	209,965
Total revenues	<u>15,275,082</u>	<u>16,382,849</u>	<u>1,107,767</u>
Expenditures			
Salaries and bonuses	7,084,786	7,508,746	(423,960)
Benefits	2,869,174	2,763,137	106,037
Books and supplies	131,376	119,181	12,195
Technology	119,845	170,710	(50,865)
Non capitalized equipment	79,000	60,558	18,442
Contracted student services	282,700	261,494	21,206
Staff development	27,000	26,118	882
Administrative services	258,500	248,719	9,781
Insurances	83,250	79,351	3,899
Rents and debt service	2,013,610	2,013,602	8
Facilities	363,800	349,686	14,114
Utilities	294,300	285,895	8,405
Capital purchases	5,000	-	5,000
Before and after school	155,700	98,380	57,320
Athletics	133,000	120,100	12,900
School activities	122,500	188,844	(66,344)
Transportation	15,111	7,378	7,733
Federal programs	1,119,176	712,775	406,401
Division of Public Health Grant	-	57,130	(57,130)
Total expenditures	<u>15,157,828</u>	<u>15,071,804</u>	<u>86,024</u>
Other financing sources (uses):			
Proceeds from capital lease	-	-	-
Proceeds from notes payable	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 117,254</u>	<u>\$ 1,311,045</u>	<u>\$ 1,193,791</u>

COMPLIANCE SECTION

VOYAGER ACADEMY, INC.

DURHAM, NORTH CAROLINA

JUNE 30, 2022



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

Board of Directors
Voyager Academy, Inc.
Durham, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Voyager Academy, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Voyager Academy, Inc.'s basic financial statements and have issued our report thereon dated October 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Voyager Academy, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Voyager Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Voyager 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 School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this report

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

Rebekah Barr, CPA PC

Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 3, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of Trustees
Voyager Academy, Inc.
Durham, North Carolina

Report on Compliance for Each Major State Program

We have audited Voyager Academy, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2022. Voyager Academy, Inc.'s major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Voyager Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Voyager Academy, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Voyager Academy, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its major State program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Voyager Academy, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing stands, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is

considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Voyager Academy, Inc.'s compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Voyager Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Voyager Academy, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Voyager Academy, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

October 3, 2022

VOYAGER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I. -- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted	<u> </u> yes	<u> X </u> no
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State Awards

Internal control over major state programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u> </u> yes	<u> X </u> no
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Identification of major state programs:

Program Name

State Public School Funds (PRC036 - Charter School Funds)

VOYAGER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

VOYAGER ACADEMY, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

VOYAGER ACADEMY, INC.
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no prior year audit findings.

VOYAGER ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL ASSISTANCE LIVING NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Passed Through the North Carolina			
Department of Public Instruction:			
Title 1 Basic Funding	84.010A	PRC 050	\$ 73,301
Improving Teacher Quality	84.336A	PRC 103	31,183
Student Support and Academic Enrich	84.424A	PRC 108	20,047
Education Stabilization Funds:			
ESSERF - Digital K-8 Curricula	84.425D	PRC 165	240
ESSERF - Learning Management	84.425D	PRC 166	2,169
ESSERF - EC Grants	84.425D	PRC 167	8,240
GEER - Student Health Support	84.425C	PRC 169	34,806
GEER - Supplemental Instructional	84.425C	PRC 170	15,395
ESSER II - Supplemental K12	84.425D	PRC 171	108,083
ESSER II - PSU Supplemental Funding	84.425D	PRC 172	5,328
ESSER II - Instructional Support	84.425D	PRC 173	350
ESSER II - Learning Loss Fund	84.425D	PRC 176	40,245
ESSER II - K12 Emergency Relief	84.425D	PRC 181	14,823
ESSER III - ARP - Homeless I	84.425D	PRC 183	277
ESSER III - ARP - Idea Preschool	84.425D	PRC 186	2,486
ESSER III - ARP - Cyberbullying	84.425D	PRC 192	4,697
ESSER III - ARP - Teacher Bonuses	84.425U	PRC 203	97,600
Total Education Stabilization Funds			334,739
Special Education Cluster:			
Idea VI-B Handicapped	84.027A	PRC 060	238,046
ESSER III - ARP - Idea 611 Grants	84.027	PRC 185	14,330
Idea Preschool	84.027A	PRC 049	1,571
Special Needs Targeted Assistance	84.027A	PRC 118	3,958
Total Special Education Cluster			257,905
Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	7,066
Total Passed through NC			724,241
TOTAL FEDERAL CASH ASSISTANCE			724,241
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
Summer Reading Camps		PRC 016	41,950
Behavioral Support		PRC 029	4,540
State Public School Funds		PRC 036	9,399,509
Principal and Teacher Performance Bonuses		PRC 048	5,598
State Fiscal Recovery Funds		PRC 141	212,642
TOTAL NC STATE CASH ASSISTANCE			9,664,239
TOTAL FEDERAL AND STATE AWARDS			\$ 10,388,480

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Voyager Academy, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Voyager Academy, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Voyager Academy, Inc..

Note 2: Indirect Costs

The School has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting.